

World News Strougal resigns as **Czech** Prime Minister

Czechoslovakia's Prime Minister, Lubomir Strongal resigned, along with Deputy Premier Peter Colotka, on the first day of a meeting of the control committee of the ruling. Communist Party. His departure, effer 18 years, appeared to party leadership over eco-nomic reform. Page 2

Six die at dieco

At least six young people were crushed to death at a multiracial disco in Johannesburg after pushing and shoving turned into a stampede, the management said.

Sri Lanka bloodshed indian troops shot dead 11 suslas in an ambush near Vavn-niya in northern Sri Lanka. Earlier story, Page 6

Palestinians decide

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Palestinian leaders, meeting in Tunis, agreed to recommend -the declaration of a Palestinian state - probably before the end of the month - but not to establish a provisional gov-ernment for the time being. Page 7

Soviet minister goes Alexander Vlasov was relieved of his duties as Soviet Interior Minister, after his appointment last week as Prime Minister of the largest Soviet republic, ' the Russian Federation. Other Soviet news, Page 2

Frontline summit off. A summit meeting of six. southern African leaders, set for Wednesday in Botswana, was cancelled apparently because of disagreement over how far to respond to over three by Sonth African Presi-dent P.W. Boolin. Same S

Madeira poli result Portugal's ruling Social Democratic Party (PSD) retained power in weekend elections in the semi-autonomous

Business Summary Benjedid pledges political reform in bid to end riots Wall Street stocks at post-crash high

WALL STREET stocks closed at their highest level since last year's market crash in a con-tinuation of Friday's strong rally. The Dow Jones indus-trial average climbed 8.71 points to 2,158.96 as declines and advances were about even on New York Stock Exchange, volume of 125m shares. Section

COPPER prices continued to rise as stock figures carried on falling. Shearson Lehman Hutton, London broker, pre-dicted a "strong and volatile"

Copper

ŧΠ.

1600

1500

1400

1300

1200

1100

Cash metal (grade 'A') £ per tonne 1700

1968 copper market for the next few months. On the London Metal Exchange cash Grade A copper closed up £25 at a record £1,607 a tonne. Page 48

INTERNATIONAL repercus-sions of Minorco's bid for Consolidated Gold Fields, UK mining and industrial group, spread to Papua New Guinea, where Prime Minister Rabbie Namalin said a Gold Fields subsidiary would be expected to sell its interests if the bid succeeded. Page 27

INDIA'S Lansen & Toubre and Reliance industrial groups agreed to form an alliance that could farm the hass of a chemi-cals and angine ring conglom -casis of whild scale, Page 27

ALSAUDI Dangue is to be split into two for tax reasons by its rescuere after they launched a lifeboat operation. for the French banking group which they said was "within.

By Francis Ghiles in London ALGERIAN President Chadli Benjedid last night promised wide ranging political reform in a nationwide television

broadcast, in an attempt to end nearly a week of riots. He said, however, that the Government's economic austerity drive would continue and pledged a firm line against what he called sabotage. The President spoke for 25 minutes and said reforms to The President spoke for 25 "I promise our nation we will minutes and said reforms to the political system, the econ-

oncy and education would be "total and comprehensive" and might even change the institu-tions and constitutional fourdations of the Algerian state. The programme would be "put to the people" for their

"We open the field for real nationalist forces to take part without exception," he added.

Yugoslav army leave

suspended as worker

protests continue

ing," he said. Meanwhile violence erupted again in Algiers yesterday, emphasising the scale of the challenge facing the ruling party, the Front de Libération National.

Shooting by police and troops in the centre of the capital sent citizens running for cover as the security forces attempted to break up a march on the office of President Ben-jedid by thousands of demon-

sion between nationalist Serbs and Yugoslavia's other nation-alities, which has compounded

the dissatisfaction over triple-digit inflation and harsh eco-nomic austerity, imposed in

May under an IMF agreement. While the Montenegro unrest has focused mainly on eco-

nomic grievances, observers

said it could strengthen the hand of Mr Milosevic. The Ser-

bian leader has presented him-

self not only as a staunch nationalist but also as a

scourge of corrupt and incom-petent leaders throughout Yugoslavia, and an economic

A crucial meeting of the cen-tral committee of the Commu-nist party in Belgrade next week is expected to bring sweeping personnel changes and indicate the extent of sup-

port for Mr Milosevic. Continued on Page 26

reformer.

strators apparently inspired by Moslem fundamentalists. There were unconfirmed

reports of further deaths after estimates put the toll at 200. No official figure has been

In the eyes of most of Algeria's 23m people, the FLN, which has held a monopoly of power since independence in 1962, appears to have lost its claim to legitimacy. Mr Cherif Messaadia, the

Continued on Page 26

following FLN's ageing executive direc-tor, is among the most unpopu-lar politicians in the country. He and his entourage are

seen as symbols of the extent to which the FLN - founded in the early 1950s to fight French rule in one of the bloodiest liberation wars this century - includes a group with a liking for power and doing all it can to thwart President Chadli's

attempts at reform.

Renault lays off 22,000 after Le Mans strike

By Paul Betts In Paris

RENAULT, the French state-owned car group, yester-day halted 80 per cent of its French and Belgian production and temporarily laid off 22,000 workers after a local strike by costs by adopting "just-in-time" or "zero stocks" work practices. earlier this year when Ren-ault's Cléon engine and gear-box plant was hit by a local strike which threatened to cut off supplies of engines and gearboxes to several key 250 in one of its smaller work-

shops. Workers in Renault's axle manufacturing workshop of Le Mans initially went on strike last week over a dispute on company merit bonus pay-ments. The 250 workers of the Le Mans plant have since efforts to maintain stocks at a minimum level, the Cléon disextended their demands for full salary renegotiation and addi-tional bonuses which the com-pany has rejected. pute would have had serious

The strike has had immediate repercussions on the group's French and Belgian assembly plants because Le Mans exclusively supplies these plants with front and rear axles. Renault said that and Belgian production. Although Renault also make only one of its French assembly plants, at Donai in Nor-mandy, was still working yes-terilay. The company warned, however, that it would also be the French group's extensiv Spanish car manufacturing forced to shut down Douai, which assembles about 1,000 new R19 medium sized saloons a day, if the Le Mans strike ault's head of labour relations, suggested that the state car group might have to consider continued.

negotiating a new labour rela-Renault also said yesterday tions code with its employees to enable it to pursue its zero stocks policy without the con-stant risk of a disruption in output because of an isolated that it was losing about 4,250 cars a day out of a total French and Belgian production of about 5,250 cars a day. Renault local strike. Without such an agreement, he suggested, Ren-ault would have to consider added that if the strike continued it was likely to force the group to revise downwards its recent forecast of profits of replacing its structure of single more than FFr6hn (\$948m) this sourcing of key components

and introduce multiple sourc-

Lawson's pledge on rates

> By Simon Holberton. Economics Staff, in London

Pound rises

THE POUND rose strongly on This FOUND rose strongly on European foreign exchange markets yesterday after week-end remarks by Mr Nigel Law-son, the British Chancellor of the Exchequer, that UK inter-est rates would be raised if starting unphased

est rates would be raised if sterling weakened. The UK currency also bene-fited from market disenchant-ment with the dollar. The US currency came under pressure early yesterday and broke through DM1.8550, which deal-ers had regarded as a key sup-port level. It recovered to close at that level, down 1 pfennig from Friday's close. Dealers said that the market.

Dealers said that the market, which they described as thin because of New York's closure for the Columbus Day holiday, was still reacting negatively to Friday's US employment fig-This threat first emerged ures:

There was also a belief that pressure for a rise in US interest rates had abated.

The dollar was softer against the D-Mark and the yen, but the pound showed strength assembly plants. However, the damage was averted when a settlement was reached after independent of the US currency's weakness. Sterling rose by 1% pfennigs three days. "Under our current

against the D-Mark to close at DM3.1775 and by 1% cents repercussions if it had lasted for more than three days," a Renault official said yesterday. Renault, however, has failed against to dollar to close at \$1.7125. The Bank of England's trade-weighted sterling index closed 0.4 higher at 76.3.

Mr Lawson agreed in a Sun-day television interview that this time to negotiate a settle-ment with the 250 Le Mans workers in time to avoid a big any run on sterling would be disruption of its overall French likely to lead to a rise in interest rates.

"The only run we had was in January 1985 - that [raising interest rates] is what we did," be said.

Two weeks ago in Berlin, Mr. Lawson was similarly seen to be underwriting the value of the pound when he said that interest rates would be used to

defend the pound. The government bond mar-ket benefited from a stronger pound, which it saw as reinfor-cing the anti-inflationary bias of economic policy, and from figures for producer input and

output prices. These showed that the strength of sterling was lowering the cost of materials and fuels for industry. Output prices, how ever. continued to rise and are now increasing at their quickest pace for almost three years. The dollar closed at DM1.8550 compared with DM1.8615 on Friday and at Y132.2 compared with Y133.25, Editorial Comment, Page 24; Lex, Page 26; UK output prices, Page 12.

seven people. The police action was defended yesterday by the offi-cial press of Slovenia, Croatia, Bosona, and Macedonia as well as Montenegro itself. Mr Slo-bodan Milosevic, the powerful Serbian party chief who has been halled by demonstrators as a hero during the three months of nationalist protest, deployed in Montenegro yester-day, and road, blocks.set up throughout the area. The remained silent. The contrasting reactions highlighted the mounting ten-

THE authorities in Yugoslavia Yugoslav news agency Tanjug said "urgent measures" were being taken to deal with unrest yesterday suspended leave for the army in the face of continuing student and worker unrest in the southern republic of Montenegro which prompted one of the area's leaders to in the republic. In Titograd, the capital of Montenegro, at the weekend, riot police used clubs to disresign. In the town of Niksic yesterperse demonstrators calling for the resignation of local leaders.

day, Mr. Radivoje Brajovic, a member of Montenegro's col-lective presidency, announced. his resignation to a crowd of Workers marching from Niksic to join the protest said para-military police used tear-gas against them and injured 30,000 workers who jeered him

By Judy Dempsey in Belgrade

and complained of police bru-tality during demonstrations at the weekend which marked a climax of ethnic and economic protests.

Students were on hunger strike in Titograd, Niksic and two other towns in Montene-

Extra police units were

Front expels MP

islands of Madeira and the

France's extreme right-wing National Front said it had expelled its sole member of Parliament for betrayal of party positions on issues such as priority employment for French citizens. Page 2

SA polis open early

South Africa, facing calls from anti-apartheid groups to boy-cott racially segregated municipal elections on October 26. relaxed normal rules for proxy and postal voting, saying that anyone who wanted to vote early could do so.

Seaga windfall

Hurricane Gilbert, which bat-tered the Jamaican economy a month ago, brought Prime Minister Edward Seaga a politi-cal windfall in terms of increased popularity. Page 4

Chile poli row

Chilean opposition groups reacted angrily to Government attempts to present Gen Augusto Pinochet's defeat in last week's plebiscite as a tri-umph, and to his refusal to bring forward his departure from office. Page 4

Tories look back

Britain's Conservative Party gathered for its annual conference in the senside resort of Brighton, where Prime Minis-ter Margaret Thatcher nar-rowly escaped death by an IRA bomb in 1984. Page 10

MARKETS		
Hong Kong Hang Seng Index 2600 2500 2500 2400 Sep 1988 Oct INTEREST RATES US. Inschline Federal Funds 8:5 % (same) 3-mih Treasury Bills: yield 7:503% (7:51) Long Bond: 1031 (10312) yield: 8:819% (8:80) London 3-month interbank:	TFn6.3215 (6.3465) SFr1.5745 (15805) Y132.35 (133.35) London: DM1.8550 (1.8615) FFn6.3225 (6.34)	STOCK, HEDICES New York close Dow Jones Ind. Av. 2,158.96 (+8.71) S&P Comp 275.28 (+8.71) S&P Comp 275.28 (+2.1) London: PT-SE 109 1,84.7 (+5.5) World: 120.80 (Fri) Tokye Nikkel Ave closed (27,258.27) Frankturi Commerzbank 1,802.8 (+20.5) OIL Brent 15-day (Argus \$12,315 (+.84) (Nov West Tex Crucle \$13.595 (+.85) (Nov

hours of bankruptcy". P 30

FRANCIS Bouygues, chairman of Bouygues, leading French construction and media group, is expected to step down today; as chairman of the French TF-1. privatised television network. Background, Page 26

SOVIET UNION'S Bank for Foreign Economic Affairs and West Germany's Landesbank Rheinland-Pfalz jointly founded the first finance com-pany to combine capital from eastern and western Europe. Page 8

GATT mechanisms for settling trade disputes between member nations are likely to be ... substantially improved next ... year following the tabling by 13 countries of proposals. Page

PARIBAS, French privatised financial group, acquired a stake of nearly 5 per cent for about FFr250m (\$40m) in Béghin-say, France's largest sugar producer controlled by the Italian Ferrusti group. Page 28

SALOMON BROTHERS, the Wall Street investment bank, opens a Madrid office this month with the task of finding a buyer for 24 per cent of Ines-pal, the Spanish state con-trolled aluminium holding company. Page 31

TOKYO Stock Market was closed for the Sports Day holi-day and some New York mar-kets closed early for Columbus Day.



Chevron pays Tenneco \$2.6bn for Gulf of Mexico interests

By James Buchan in New York

CHEVEON, the San Francisco energy gronp, yesterday announced a big expansion in its US oil and gas reserves with the \$2.6bn purchase of Tenneco's oil and gas interests in the Gulf of Maxico.

The deal, which comes at the close of a hotly contested three-month auction for the Houston conglomerate's entire oil business, will give Chevron recoverable oil and gas reserves equivalent to 600m barrels of oil as well as 600,000 acres of undeveloped exploration acreage in the Gulf. The Chevron announcement came as Tenneco, which is trying to regroup its troubled business round manufacturing

operations, revealed that it would raise more than \$7.5bn from the auction. The proceeds are larger than Wall Street expected in the face of weaken-

CONTENTS

Vorid Trade

ing oil prices and Tenneco. stock rose modestly. Tenneco said it had found buyers for all but "minor

Indonesia's Suharno

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World Guid

remaining portions" of its oil and gas operations, which con-sist of 900m barrels of oil equivalent in the ground as well as a 140m barrel a day oil refinery in Louisiana. The company is keeping its large gas pipeline system.

In addition to Chevron, American Petrofina, the US subsidiary of the large Belgian energy group, said it was pay-ing \$600m for Tenneco's Gulf coast-southwestern business, which is estimated to have some 28.4m barrels of crude oil and 437bn cubic feet of gas. Mesa, the gas-producing lim-ited partnership run by Mr T. Boone Pickens, the well-known Texan corporate raider, revealed that it would pay \$715m for Tenneco's mid-continent operation, consisting largely of gas reserves in Kan-sas, Oklahoma, Texas and

It was not clear which other companies succeeded in the

auction, which attracted the interest of the entire world of! industry. Wall Street analysts say that the Tenneco reserves are some of the best properties to come on the US oil market for years. Tenneco stock rose \$% to \$49% in early trading.

For Chevron, yesterday's deal will help reverse the slow decline in its reserve base - most of it in the US - since - most of it in the US - since its mammoth \$18.3bn purchase of Gulf of Pittsburgh and its reserves in 1984. Chevron will also become the largest US gas producer through the addition of properties producing 700m cubic feet a day of natural gas. Most of this will be sold to the Tanacco gas mbeling system. Tenneco gas pipeline system.

Yesterday's sales will also ransform Tenneco, which had \$14.8bu in revenues in 1987 into a predominantly indus-trial company based round the troubled Case III farm machinery business.

Turiory economy Ozal tom between election worries and inflation fears Turkey eco Historical winds whistle around Mexico: President De La Madrid looks back in No public figure has benevolence . more baffled and US electioner Sophieticated Michigan voters attracted Indonesians ponder their presidential choice . than their first presi-Ametralia Rock music entrepreneur sets the dent, Gen Sukarno. airwaves humming Now a new biography Israels Bankers Trust moves against Koor has revived discussion Industries over its loan defaults of his achievements Editorial comments Exchange rate riddle; and the blander polititime to rethink Lomé convention . cal style of his successor Gen Suharto Securities: The race to grab business in Continental equity markets Financial Futures Row Material . Gold -Stock Merkela 32-53 22 International bonds . Inti, Capital Markets 49-52 -Wall-Street mercial Law -London 45-47 Letters Téchn Unit Trusta Managament Money Markets World Index

strike has also highighted Renault's difficulties in matching its Japanese and other European competitors by introducing new productivity and industrial methods with-out the discipline of Japanese trade unions. Indeed, Renault has become increasingly vulnerable to local disputes as a result of its attempt to cut

Illustration: H. Edeland

The strike could not come at worst time for Renault, which has staged a remarkable recovery after significant restructuring Although Renault seeks to be considered as a "normal" company in France, it is still struggling to instill new competitive attitudes

axles in Spain, these supply

Mr Michel Praderie, Ren-

operations.



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EUROPEAN NEWS

Discord worsens on French political right

مرجعين الربعين المترجع التراج والمصادرين التفاري بال

By lan Davidson in Paris

DISARRAY AMONG France's DISARRAY AMONG France's right-wing opposition parties has reached a new intensity, with fratricidal quarrels at the top of the extreme right-wing Nstional Front party, and an apparently unbridgeable split between the various strands of the respectable conservative opposition over the handling of the forthcoming referendum on the forthcoming referendum on the future of New Caledonia.

In the presidential elections earlier in the year, Mr Jean-Marie Le Pen, leader of the National Front, appeared to have erupted as a new and powerful force on the political stage. In the succeeding gen-eral elections, bowever, the party lost all but one of its 35

members of the National Assembly. Yesterday, in what appears on the surface to be a death-wish, the National Front yes-terday lost its last remaining member, by excluding the lady

Mrs Yann Piat, the remain-ing National Front deputy, also remonstrated with Mr Le Pen in public, saying that a public figure "ought to know how to watch his words", but at the time she went unpunished. Yesterday, however, she was thrown out of the Front for breaking party discipline by announcing that she would vote for the Government's pro-posed minimum guaranteed member, by excluding the lady from the party. The specifics of this quarrel go back to the beginning of September, when Mr Le Pen caused an outcry by a com-ment about a centrist member of the Government. Several leading members of the party immediately dissociated them-selves from the remark, and two of them were driven out of the party, including Mr Pascal Arright, former deputy for the Marseilles region.

vote for the Government's pro-posed minimum guaranteed income plan, or Revenu Mini-mum d'Insertion (RMI). The National Front objects to the RMI because, under pressure from the racial equal-ity lobby, it will be made avail-able to properly settled immi-grants, as well as to natural

The Front's troubles may be due indirectly to the fact that the traditional conservative parties are now in the opposition, and as a result are in a natural position to pick up part of the inchoate protest vote. But it is still much too early to conclude that the National Front is a spent force.

Front is a spent force. In any case, the respectable conservative parties are them-selves now set on a self-de-structive collision course over the New Caledonia referendum. After long procrastina-tion, the Gaullist RPR party now seems almost certain to opt for abstention in the referendum; the party does not dare

to condemn a policy which has brought peace to the Pacific territory, but does not care to recommend one which is the exact opposite of that pursued by the Gaullists in power only six months ago.

The Gaulists' opposition partners, in the centre-right UDF grouping, are characteris-tically divided on the issue. Former President Valery Gis-card d'Estaing, leader of the UDF, is hostile to the very idea of a referendum; but the cen-trist CDS party, within the UDF unbrella, is committed to an unqualified "Yes" vote, and the Republic party is commit-ted to a qualified "Yes".

Strougal quits as Czech Premier

CZECHOSLOVAKIA'S Prime Minister, Mr Lubomir Strougal who is renowned as a reforme who is removined as a reaching in Prague's generally conserva-tive leadership, resigned yes-terday, according to the official Ceteka news agency, Reuter reports from Prague. Mr Strou-gal had held the post since 1970 1970.

1970. His resignation was announced on the first day of a meeting of the ruling Commu-nist party's policy-making cen-tral committee. Ceteka also said that the Deputy Premier, Mr Peter Colotka, who is also head of the Slovak govern-ment, had resigned, too. Western diplomatis in Prague have speculated on Mr Strou-gal's position in the past year.

gal's position in the past year, particularly since he had a barely-concealed row with Mr Vasil Bilak, a politburo hardliner, over the pace and scope of economic reform in the coun-

Czechoslovakia's leadership publicly embraced Soviet-style reforms shortly before Mr Mik-hail Gorbachev visited the country in April last year. But changes almed at introducing flexibility into Czechoslovakia's stagnating economy have moved slowly.

Diplomats say this has reflected the leadership's fears that the reform process could run out of control and lead to a re-run of the 1968 Prague Spring liberalisation movement. which ended abruptly with the Soviet-led invasion.

Mr Strougal, who is 63, while not a radical reformer in the Gorbachev mould, may nevertheless have become impatient at the sluggish rate of prog-ress, the diplomats say.

He came to power the year after Mr Gustav Husak replaced the Prague Spring leader, Mr Alexander Dubcek, as head of the Communist as head of the Communist party. Mr Husak then set about dismantling the radical eco-nomic, political and social reforms introduced during the short-lived liberalisation. Mr Husak's replacement as

party leader last December by Mr Milos Jakes did little to speed the pace of reform.

While Mr Strougal's most outspoken comments were on a need for economic change, he also hinted at disagreements with the Jakes leadership over

how to handle dissent. Last June he rebuked Czechoslovak police for raiding a meeting of local and Western pacifists, arresting some 30 supporters of the Charter 77. an rights movement and 84 foreigners. "Was this neces-sary?" he asked in an interview with an Austrian newspa-

The Communist authorities have hardened their treatment of dissent since 10,000 people



The Soviet Foreign Minister, Mr Eduard Shevardundre, arrived in Paris yesterday for a three-day official visit — his first to France — which is expected to pave the way for a Franco-Soviet summit and set a new tone in relations, Rauter reports. Speaking on arrival at Orly airport, Mr Shevardmadze (pic-tared above with Mr Roland Dumas, right, his French counter-part, and the Soviet autoassador) confirmed that a summit meet-ing between President Francois Mitterrand and Mr Mikhail Gorbachev would be on the agenda. Mr Dumas confirmed earlier that France's Socialist Govern-ment was seeking to turn a new page in relations with the Soviet bloc, often soured by French concern over alleged human rights abuses.

French press reports say Mr Mitterrand may travel to Moscow for a November 23 space launch that will take Frenchman Jean-Luc Chretien into orbit aboard a Soviet rocket. But officials maintain that nothing has been confirmed

Anti-corruption drive launched in Azerbaijan

By Quentin Peel in Moscow

Party and Soviet bodies." the BIG drive against corruption, nepotism and black-marketeering has been launched in the Soviet republic newspaper's correspondents wrote. Poor livings conditions and pollution were also to of Azerbaijan, where it has been blamed as a major cause of the bitter ethnic strife Previous reports had suggested that the nationalists were little better than crimibetween Azeris and Armenians over the future of the enclave nals seeking to cover up their corrupt activities by inciting of Nagorno-Karabakh.

A purge of officials in the Communist Party, elected Sovijust two days after the Arme-nian Communist Party called ets and economic management bureaucracy in the republic is now under way, according to Mr Abdul-Rakiman Vezirov, jan to speed up a Moscow-fi-nanced investment programme the man installed last May as party leader to restore order. At the same time, the Soviet

anthorities appear to have made a significant concession to the Armenian protesters who are demanding the secession of Nagorno-Karabakh

from Azerbaijan to Armenia. They have agreed that Ros-sian courts, and not Azerbai-jani ones, will try the major-cases arising from last Febru-ary's race riots in the city of Sumgait, where 32 people died in the clashes, 26 of them.

mian. - Pravda .: admits, that more could have been done, and fas-ter, to overhaul the administra-Armenians. The details were published yesterday in Pravda, the main Communist Party newspaper, in a major report on the situa-

tion of the republic. It clies a string of production figures to show the extent of economic stagnation in Azertion in Azerbaijan and Nagor-no-Karabakh itself. baijan under the former Com-

The rea

Austria seeks to reassure Moscow over EC entry By Quentin Peel in Moscow

THE Austrian Chancellor, Mr Franz Vranitsky, will seek to reassure the Soviet Union this week that Austrian member-ship of the European Community would not compromise its neutrality.

The Soviet concern was underlined again yesterday, as the Chancellor arrived for a four-day official visit, when the Communist party newspaper Pravia said on its front page that the Soviet people were confident that the visit would develop the friendly relations

SIEMENS

with neutral Austria." One focus of the visit will be on the trade relations between the two countries, with a num-ber of contracts and joint venture plans expected to be signed or announced. Austria seen in Moscow as a valuable intermediary in its efforts to expand trade relations with

the West, but the strategic question of Anstrian neutrality still ranks more importantly. The Soviet argument is that the EC is evolving increasingly towards a political as well as

Yesterday, this man lost two stones

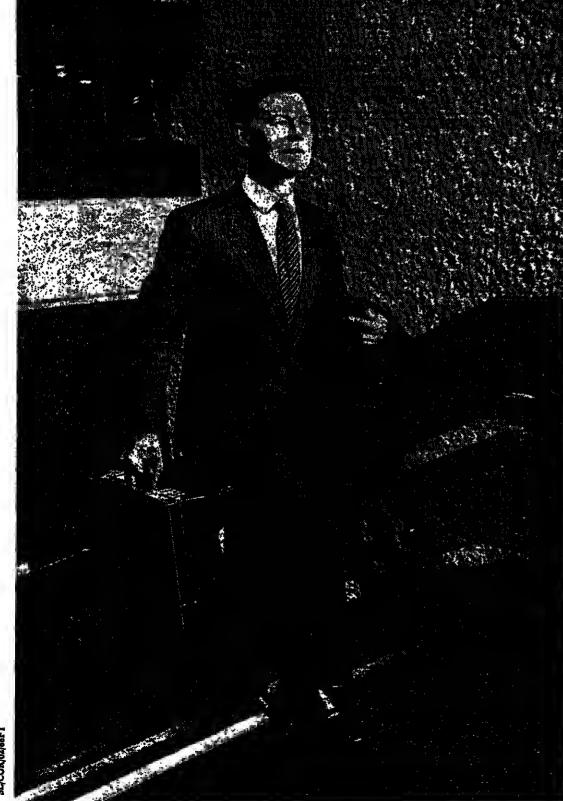
return from a Moscow visit last month that the Soviet Union imposed no obstacles. How-ever, in an interview with an Austrian political weekly, the Socialist Mr Vranitzky gave a more solar solar assessment. economic role - and one in which the Nato member states are dominant. The Austrian argument is likely to cite the case of Ireland, which has suc-ceeded in maintaining its neu-trality within the Community. more sober assessment Clive Cookson and Judy

He said that during a recent Dempsey add: There are differ-ences of emphasis within Ans-tria's ruling coalition over the prospects for an early applica-tion to join the EC. cabinet meeting, at which Mr Mock's trip to Moscow was raised, it emerged that the Soviet authorities did in fact raise questions about a possi-ble Authoritien polyection Mr Alois Mock the conserva-tive Vice-Chancellor and For-

ble Austrian application. Mr Mock is a staunch defender of an early applicaeign Minister, stated on his

tion to Brussels, and is sup-ported by the industrial lobby and the banking community. Mr Vranitzky has taken a Mr Vranizzky has taken a more cautious approach. He has yet fully to persuade the left wing of his party of the benefits of membership, and he also wants time to prepare the country both economically and socially. Mr Robert Graf, the

conservative Economic Affairs minister, said yesterday that Austria would apply for full membership "no later than next year".



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spontaneously joined a demon-stration in Prague last August to mark the 20th anniversary of the Warsaw Pact invasion.

Greek court votes

for extradition to

US in bomb case

By Andriana lerodiaconou

A GREEK appeal court yesterday voted 2-1 in favour of the extradition to the US of a

Palestinian held here since May on suspicion of involve-ment in a 1982 bomb attack on

a US airliner. The case will be referred to the Supreme Court following an appeal, however. Delays in the Greek decision have been a source of friction between

Amens and washington. Greece's ruling Socialists have always insisted on draw-ing a distinction between ter-rorist and "national liberation" movements, and support for the Palestinian cause is a cor-nerstone of their Middle East

policy. The 39-year-old Palestinian

identified as Mohammed Rashid, was arrested at Athens airport for travelling on a false

Syrian passport,

Athens and Washington.

in Athens

jan is shameless speculation, and the combination of crimi-nal elements with people in the departments of law and order, and even in the (Communist) -

per cent drop in grain produc-tion, 66 per cent decline in meat, and 70 per cent drop in milk output between 1970 and

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blame for the riots, it says.

Pravda's publication comes

for urgent action from Azerbai-

in Nagorno-Karabakh, intended to head off the seces-sionist demands.

Armenian nationalists have

claimed not only that the Azer-

baijan government is dragging its feet, but also that what lit-tle has been spent on new housing and social amenities

has benefited Azeri and not Armenian communities, Some 75 per cent of the population of Nagorno-Karabakh is Arme-

ethnic hatred.

Strike threatened at key steel plant in Poland

By Christopher Bobinski in Warsaw

THE OFFICIAL trade union at the Laziska steelworks, a key Polish producer, is threatening to flout the law and call a strike unless the Government agrees to ease tax restrictions and thus enable management

and thus enable managements to raise wages. Not only is Laziska a near-monopoly producer of farro-ai-loys but the strike, which has been called for next Saturday, would come a few days before the round-table talks on the country's future between the authorities and the banned Sol-

authorities and the banned Sol-idarity movement. At those talks Mr Lech Wal-esa will be urging the Govern-ment to legalise Solidarity which is challenging the offi-cial unions who argue that they are hamstrung by legisla-tion which makes it difficult to outpaties strikes. organise strikes. Union officials at Laziska

say the 2,000-or-so workforce has been up in arms since the beginning of September and that they have no choice other than to support the demands. "We will not give up the initia-"We will not give up the initia-tive," Mr Jerzy Myszor told the Magazyn Hutniczy trade weekly. "As a union we are fighting for our lives," he added, implying that otherwise his members would turn to Sol-

idarity for support. The official steelworkers' union to which the Laziska union is federated has yet to take a position on the issue. Yesterday. Mr Antoni Iwan-cienko, its secretary, pointed out that other steel plants were

in a worse position. The Government for its pert of its effort to slow wages growth and thus combat infla-tion.

EC law faces rising challenge

By William Dawkins in Brussels

THE NUMBER of suspected infringements of European Community law rose to the highest level for nearly a decade in 1987, but more dis-

accase in 1987, but more dis-putes are being resolved before they get to court, the Brussels Commission said yesterday. The European Commission sent out 572 warning letters to EC companies, Governments and public organisations last and public organisations last year, 10 per cent more than the previous year and the highest since 1979, according to its annual report on the policing of EC law. The study illus-trates how Brussels is having to work harder to ensure the rules of an internal market are being observed as more heribeing observed, as more barri-er-breaking laws get adopted in the run-up to 1992. A large number of infringe-

Ment proceedings are the result of complaints lodged by member-states - like the UK's claim that France wants unfairly to limit imports of British-built Nissan cars. As

well as trade disputes, they involve EC environmental and consumer protection rules. Last year, the Commission issued 197 so-called reasoned

opinions, the next stage after the initial warning letter, up from 164 in 1986. Only 61 cases were referred to the European Court of Justice, down from 71 Court of Justice, down from 71 in 1986 and 113 in 1985 — though those cases are usually the result of complaints lodged in earlier years. The worst offenders are Italy, which was taken to court 21 times last year for allegedly breaking EC laws, followed by Greece. The report does not mention

laws, followed by Greece. The report does not mention the Nissan row by name, but it does highlight a UK invest-ment aid to a Japanese com-pany, granted on condition that it used 60 per cent local content. "Following the Com-mission's intervention, this condition was amended so that condition was amended so that all products originating in the Community are treated in the same way," says the report.

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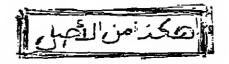
Officials said this had no bear-ing on deliberations on French complaints that UK-built Nis-sans should only be granted free market access if they have 80 per cent local content.

FINANCIAL TIMES

by the Financial Times by E.I. tors, F. Barlow, R.A.F. M. G.T.S. Damer, M.C. Gorman, Palmer, London, Printer, Fran-McClesa

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EUROPEAN NEWS

Openness arrives in Hungary under careful control

Many Hungarian intellectu-

Leslie Colitt in Berlin looks how Karoly Grosz is avoiding Alexander Dubcek's route to reform

UNGARIANS are being treated by their reform-minded Communist leadership to an out-burst of openness, the like of which has not been seen in Eastern Europe since Czechoslovakia's Prague Spring of 1968.

But unlike Mr Alexander Dubcek, the ill-fated Czech ader, Mr Karoly Grosz, the reformist Hungarian party chief, is determined to remainfirmly in control of the pace and dosage of liberalisation. The Hungarian media these, days has been given improce-denied freedom to deal with

ness began long before Mr Mik-hall Gorbachev's glasnost reforms in the Soviet Union, ii

Ard Sherauchika A issues which, until recently, were taboo. Topics as varied as BC BAY ING A LIGHT perks for senior party officials and the activities of Mr Lech Walesa in Poland are being aired with relish. Mr Grosz and his senior aides grant free-wheeling interviews at a rate which would astonish many Western leaders Although Hungarian open-

ing standards.

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Grosz: free-wheeling

Mr Grosz wants to gain credibility for a programme to democratise Hungarian institutions, including the party, to win over Hungarians decidedly sceptical about economic reforms. He has clearly stated, however, that while the party in the future will have many voices and will tolerate minor-ity views within its ranks, its leading role will not be ques-

has assumed a new quality since Mr Grosz' rise to power tioned. Thus the Hungarian media was recently given a free hand to cover an independent dem-onstration in Budapest against last May: An unusually outspoken communist leader, he wants to rid the party of the all-pervasive secretiveness which betrayed its clandestine the building of the controverorigins. The object is to gain the support of Hungarians sial Gabcikovo-Nagymaros bar-rage on the Danube by Czechowhose mistrust of the party is especially deep at a time of rig-orous economic belt-tightening which has cut deeply into liv-

slovakia and Hungary. Widespread media publicity. was also given to the formal founding last month of the oppositional Hungarian Demo-

cratic Forum (HDF). At its man, Mr Gyoergy Marosan said launch last December as a in an interview that such citiloose movement of writers and zens' movements coincided other intellectuals who urged with party policy and the gev-ernment was "extremely sweeping political reforms, HDF was opposed by the then pleased" by them. HDF, he largely conservative-ruled politburo. But it received supsaid, had shown by its statements that it was ready to "coport from a leading reformer, Mr Imre Porzezy, at that time head of the People's Patriotic Front, who had allied himself operate" with the Government. In contrast to more militant opposition groups which had issued "aggressive" statewith Mr Grosz. ments.

In the May leadership reshuffle, Mr Pozsgay was hoisted into the politburo and als, however, remain uncon-vinced that the party is aiming for genuine democratisation of named Minister of State while being given responsibility for political life. They note that overseeing the mass media. Before the year is out he may shortly after Mr Grosz became general secretary of the party, dissidents were able to place a wreath on the unmarked grave well be chosen to be Hungary's new Prime Minister, a post still new Prime Minister held by Mr Grosz. of Mr Imre Nagy to mark the

Accustomed to managed 30th anniversary of his execunews, Hungarians were startion as the Hungarian leader during the 1956 Hungarian uprising. But when they tied on the day of HDF's foun-ding to hear Budapest radio give a detailed account of the attempted to mark the anniverorganisation's programme to democratise Hungarian political life.

They were equally surprised when the Government spokes-

Budapest considers special economic zone

HUNGARY is considering plans to set up Eastern Europe's first special economic zone which could forge concrete trading links was also possible. between Kast and West, according to a senior Hungarian banker, Reuter reports from Sopron

Mr Sandor Demjan, chairman of Hungarian and economists were still working on a pro-Credit Bank, said the zone around the Western posal to be submitted to the Government.

Mr Demian announced the project during a conference on links between the EC and the **Bast bloc trade organisation Comecon.** He stressed that planning was in an early stage

arrangement under which Mr

Poszgay agreed to speak in his

office with dissidents who, on leaving, would then be "arrested by the security

Nonetheless, a draft law,

expected to be adopted later this year, will provide a legal foundation for the many unof-

ficial associations - including

two independent branch trade

unions and an independent

student organisation - which

have recently sprung up. A radically new company law,

approved by Parliament last

Wednesday, is to place private and joint stock companies on

an equal footing with state

firms for the first time in a

A committee has also been

Communist country.

forces."

constitution of 1949 which the dialogue with any opposition Minister of Justice, Mr Kalman Kulcsar, said was "practically a copy" of the Stalinist constigroup which agrees to operate within the law. One sceptical member of the opposition, Mr Ferenc Koeszeg, editor of the dissident journal Beszeloe, remarked that this tution of 1986. He noted that an independent constitutional court would also have to be probably amounted to an established.

At the heart of the reform is a new electoral law which is to lead what the party promises will be a democratic parliament in place of the ceremo-nial legislature which now meets four times a year to approve government hills. The highly respected Hun-

garian economic weekly Heti Vilaggazdasag (HVG) noted recently that the constitutional committee was leaning towards the creation of a bicameral legislature in which the Communist party would dominate the lower house while the upper house would contain a cross-section of MPs representing the non-Communist majority. But this, HVG warned, would again mean that the party and not the peo-ple would decide which inter-ests of society were worthy of representation.

The new non-Communist chairman of Hungary's Presi-dential Council, Mr Bruno Straub, recently told the same newspaper that a multi-party system was "indispensable" for Hungary, although it was not on the agenda for the time being. Mr Straub noted that it was "unhealthy" for a leadership not to be faced with the possibility of being "toppled."

Single market set to sharpen competition in EC drug industry

total sales is around 10 per

cent in many countries, but is

European nations - even

These obstacles to trading

between different countries

restrict inter-EC drugs trade to

about £3bn a year, or roughly

likely to grow with the opening

of the market, according to the

companies in the EC of which only about 20 have annual

sales in Europe of £180m or

more. The report says that as

trade barriers are reduced

is likely to be greater

There are about 1,500 drugs

territories.

report.

rising rapidly in some cases.

By Peter Marsh

WESTERN EUROPE'S chasers of drugs. The propor-tion of generic products in £25bn-a-year pharmacentical industry is likely to become more competitive over the next few years as a result of the Many European states buy most of their pharmaceuticals from local manufacturers planned unification of the European Community market in 1992

The opening of the market is likely to lead in particular to increased trade in drugs rather than from those in other though prices abroad may be cheaper. This is generally a result of pressure on governbetween countries and more mergers and cross-border part-nerships involving European ments by companies in their health care companies.

These are among the conclusions of a report on the Euro-pean drugs industry from Key Note Publications, a Loudonone-sixth of total pharmacenti-cals purchases in the EC. Trad-ing of this sort, however, is based market research group.

The study says that the grad-ual evolution of common standards between different European nations in licensing new formulations and setting prices for existing products "should create more equal conditions for competition within EC markets so that covert, and sometimes overt, national prejndices and interference can be reduced."

The report also foresees increased sales of generic prodconsolidation of compa-nies...to strengthen product ucts - copies of branded pharranges, eliminate weaknes in technical research or to link similar products with more maceuticals which are normally much cheaper - as public health anthorities in resources for effective marketindividual nations attempt to ing.' reduce their drugs spending.

Pharmaceuticals in Europe, Key Note Publications, 28 Ban In most European nations. governments are the main purner St. London ECIY SQE. 5285.

Inflation fears and election worries pull Ozal in opposite directions

TURKS ARE bracing themselves for a winter of high inflation, following the referendum on September 25 which dashed the Government's plans to get local elections out of the way early in November.

The inflation rate in the 12 months to the end of September rose to 81.8 per cent, fuelled by a budget deficit which increased 163 Mr Turgut Ozal, the Prime Minister, although receiving a face saving

35 per cent share of the vote, now finds his government on the horns of a dilemma. If it institutes severe measures to

bring the economy back on its structural adjustment course, it risks more slippage at the polls for his ruling Motherland Party Inflation, however, could not-possiand a sufficient and an and an and an and an and an area and a second and a second and a second and a second a

(ANAP) in the winter run up to the local elections. These must now be held as constitutionally scheduled in March. The ANAP has already

the main opposition Social Demo-cratic Populist Party (SHP). If it does nothing, inflation may rise higher, further eroding the Government's "central pillar", the broad central right majority per cent in the first eight months of broad centre-right silent majority the year to total TL 1.711bn (5617m). which Mr Ozal claims to have tapped for the first time in Turkish politics.

The likelihood is that he will avoid making any precipitate moves. He told a party parliamentary group meeting recently that there would be some monetary mea-sures and budget cuts. Tax evaders would be weeded out and penalised.

bly be brought down sharply without rapidly decelerating the growth rate - with drastic social consequences.

However, the signals are conflict-ing. After a week of deliberation, the country's Higher Planning Board agreed on the 1969 economic programme, which calls for tight monetary policy, and reduced growth even at the expense of the mployment. Growth, set to be 7.2 per cent this year, will be reined to 4.5 per cent. Next year's consoli-dated budget will be TL 35.5 trillion (million million), but investment allocations will make up only 15 per cent of the total. Retail price inflation is expected to come down to 60 per cent by year's end.

A much vaunted "savings com-munique" from Mr Ozal last Tnes-

Jim Bodgener reports on the dilemma confronting **Turkey's Prime Minister**

day ordered all government departments to buy only bare essentials, and forgo unnecessary cocktail par-ties. More significantly, municipali-ties were directed to obtain government approval for major spending.

Yet some officials of Turkey's Western mentors like the World. Bank and the IMF still want to see more concrete evidence of the political will to carry through painfal economic measures. Their view is that the Government has failed

throughout 1988 to use its parliamentary majority to take full advantage of opportunities to nar-row the budget deficit.

The Government introduced an emergency package in early February to cope with the overheating caused by general election econom-ics in 1987. Deep public spending cuts have been implemented in the ory, particularly in new capital investment in infrastructure.

Criticism is growing nevertheless that the Government has failed to tighten up on taxation and raise revenues, and has not leant hard enough on ministries and local goverament to stop work - as they have contractors' payments - on all but the most essential and

nearly complete projects. The business and financial community, too, are clamouring for remedial action to alleviate borrowing costs of up to 120 per cent annually.

Grumbling continues within the ANAP about Mr Ozal's miscalculation in allowing himself to be lured into the referendum by Mr Suleyman Demirel, the former Prime Minister and leader of the third

largest parliamentary grouping, the True Path Party (TPP). Mr Demirel held back at the last

minute from an alliance with the ANAP in August to push through a constitutional amendment permitting local elections to be held early. The referendum was built by the

opposition into a vote of confidence in the Government.

However, rifts have also surfaced within the SHP following the election. Its left wing has charged its pragmatic secretary-general, Mr Deniz Baykal, with turning the referendum to personal account in readiness for an attempt to dislodge the SHP's amiable academic leader. Professor Erdal Inonu.

The Government's one continuing economic success story is the nar-rowing of the current account deficit by 61 per cent to \$322m in the first eight months of the year compared with the same period in 1987. Nevertheless, economists wonder how long the balance of payments can be insulated from the economy's domestic deterioration.

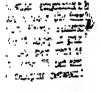


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been overtaken in opinion polls by

in Hungary.

sary on a busy square in cen-tral Budapest, they were taken into custody. The leadership however set up to draft a new constitu-insists it is ready to open a tion to replace the Hungarian



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GET YOUR BOARDING PASSES 30 DAYS BEFORE YOU LEAVE HOME.

rejects claims of **Pinochet victory**

tory belittled.

the plebiscite's results not only

to the perpetuation of the

and good sense to which we all

aspire." Mr Alsjandro Hales, co-or-dinator of the organisation Independents for the No, called

Mr Fernandez "a provocateur", adding that he has shown "his ignorance, because Pinochet

cannot be a candidate accord-

ing to his own constitution." According to the last of 29

articles of the 1980 constitution

specifying a transition to democracy, if the official candi-date in the plebiscite loses, all norms of the constitution are

By Barbara Durr in Santiago

that Mr Fernandez's speech was provocative and they were indignant at having their vic-THE Chilean opposition has reacted angrily to government attempts to present Gen Augusto Pinochet's defeat in last week's plehiscite as a tri-umph, and to his refusal to bring forward his departure Mr Juan Hamilton of the Christian Democratic Party, the largest opposition force, said Mr Fernandez's state-ments contradicted reality and from office.

Gen Pinochet, in an unan-nounced television appearance on Sunday night, again meant the end of Gen Pinochet in the Government but an end rejected opposition requests that he leave office before March 1990, the date set by the The perpendicuted of the regime. Mr Genaro Arriagada, the executive secretary of the opposition coalition known as the Command for the No, said Mr Fernandez's speech was "an incitement to yank the country out of the path of moderation and ecod sense to which we all 1980 constitution.

Mr Sergio Fernandez, Inte-rior Minister and Pinochet campaign manager, gave a speech at the weekend inter-preting the plebiacite as a vic-tory for Gen Pinochet. He directly hinted that a Pinochet candidacy was in the works for a future democratic election, which under the terms of the constitution need not be held before December 1989.

Mr Renato Gazmuri, a top official of the centre-right National Renovation Party, which supported Gen Pinochet in the October 5 plebiscite, called the move "a provocation of unimaginable consequences to both the opposition and the democratic parties that sup-ported a 'yes' vote." He suggested that Mr Fernandez resign. Opposition leaders agreed

applicable for the next election. These specifically prohibit con-secutive re-election.

Chile opposition |Changing loyalties in Michigan

Stewart Fleming reports on the swing vote in the Midwest

UST to the north of the mban run marked on a national map under the name Detroit is Macomb County, one of half a dozen buttlemenned which water offi

County, one of half a dozen battlegrounds which party offi-cials single out as critical to the outcome of this year's pres-idential election in Michigan. Macomb County has been attracting plenty of top level attention. It was here that Gov-ernor Michael Dukakis came last month doming an ouelast month, domning an over-sized helmet to drive around before the television cameras in a tank.

President Reagan was in Macomb County on Friday hoping that some of his popularity would rub off on Vice-President George Bush, And Senator Dan Quayle, Mr Bush's Republican running mate, was there yesterday. Both presidential campaigns

are finding that the remark-able transition in the political character of such blue-collar suburban districts during the

Democratic Party, including those of powerful trades unions such as the United Auto Workers, which helped Senstor John F. Kennedy carry 63 per cent of the votes of Macomb County in the 1960 presidential election, have been breaking down. This helps to explain why President Resgan, with 66 per cent, won an even larger share designed to protect the candi-dates and prevent her from get-ting the information she needs

of the vote in 1984. But if the predominantly white assembly line workers

and clerical staff from the nearby car factories and motor industry service companies had transferred their alle-giance firmly to the Republi-cans, then Mr Bush would be enjoying a more generous lead over Mr Dukakis in state-wide

Instead, the Reagan era is ending in a question mark for

tion. "There is a tremendous level of sophistication anomast Michigan voters, you see it in the Detroit soburbs," says Mr many voters. Many of those who will cast a ballot in November will do so without conviction, suspecting that when the wrapping comes off the product they are being invited to endorse it will not be something in which they Richard Weiner, chairman of the Michigan Democratic Partywanted to invest

"They both scare me," says Mrs Sharon Berndison, a young mother shopping with her husband in Macomb Mall on Saturday. "Bush will bring more prosperity but a bigger [budget] deficit. Dukakis will:

and a top aide to Governor James Blanchard. This is not hyperbole. Tick-et-splitting, voting for candi-dates of different parties for different positions, is how

Two years after giving Mr Reagan a 59-40 per cent fand-slide in 1984, Michigan voters re-elected Mr Banchard with 68 per cent of the vote. Both senators from Michigan are Democrats and Macomb County was continuing to elect liberal Democratic Congress-man David Bonior even as it

helped Mr Reegan win a sweep-ing Republic victory in 1984. Michigan, one might think, would be faithle tarritory for Mr Dukakis, who claims part of the credit for Massachusetts' economic miracle. The Michigan state economy is in the middle of a shift from over-de-pendence on a troubled manufacturing sector - the motor industry - similar to that

which was experienced by Mas-Mr Dukakis has the backing of a well-organised and financed campaign, including the wholehearted support of the auto workers union, sowhy isn't he doing better?

Party officials concede that the Bush campaign's attacks on him for allegedly being soft on crime and defence took. to make up her own mind Mr Jim Theman, a computer. operations manager in his mid-thirties who voted for Mr Reagan in 1984 "because he had done a good job", has decided how to vote. "I will not their toll in August and September, not least because they went unanswered. Where I grew up in east Beholt, says Mr Weiner, the party chair-man, "if somebody hits you you hit them back." Judging: fill out the ballot for president this time," he says. He will vote only in the local elections. from the comments of voters, Two voices from a crowd perhaps, but they are voices which are familiar to the men whose job it is to win the elec-

man who works around the motor industry. But memories of the Carter presidency - and in particular its economic failpres - remain fresh. "I went into the services in 1976 and things were had snough. They were worse in 1980 when I were worse in 1980 when I came out," says Mr Jeff Miller, a truck driver and a member of the Teamsters union. Mr Saul Anuzis, top assis-tant to Republican state sena-tor Richard Posthumus, agrees that the presidenifial contest is tight. Polis have Mr Bush just slightly shead of Mr Dukaks statewide. But he says Mr 1

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statewide. But he says Mr Bush's campaign, his opposition to taxes and his tongh stance on crime, are a message which will sell to man like Mr Miller in the socially conserva-tive and sometimes racist subinthe close to the city of Detroit with its overwhelmingly black population- "Bush's strategy could not be tailored more to

the hine-collar Reagan Democrat, he says. Throughout the industrial Midwest, the pressure is on Mr Dukakis to do well. Together with the industrial north east, states like Michigan, Ohio and Illinois should be the Democratic governor's natural bass. Mr Weiner maintains that Rea-

Mr Weiner maintains that Rea-gan Democrats, are coming home, but there may not be enough of them, particularly if, as many expect, the turnout among blacks is low. Mr Weiner hopes that in a close race, the Democratic Party's state organisation can swing it in Mr Dukakis's favour. Even to have this opportunity, however, some suspect Mr Dukakis will have to craft a message with more to craft a message with more emotional appeal if he is to catch the attention of an elec-torate which seems disengaged much of the time and inclined however, there is more to it. . . to settle for the continuity Mr Bush is not widely which another Republican admired by the tough breed of president would represent.

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AND EVEN CHOOSE YOUR

Ill wind brings good tidings for Seaga

By Canute James in Kingston

HURRICANE Gilbert, which battered Jamaican a month ago, has brought Mr Edward Seaga, the Prime Minister, a political windfall. According to the results of public opinion polls published at the weekend, the Prime Minister's conserva-tive Jamaica Labour Party has made a significant improvement in popular support since the hurricane struck, and now has an even chance of winning the impending general election.

Polls carried out in early September, before the hurri-cane ravaged the island, showed that the social-democratic People's National Party, led by Mr Michael Manley, a former Prime Minister, was

ment had exceeded its target of \$500m (£294m) in new funds to repair the damage caused by the hurricane.

The pledges now total \$515.44m, he said. Mr Seaga said the Jamaican economy, which grew by 5.5 per cent last year and was evonoding at a similar rate expanding at a similar rate when the hurricane hit the island, was on "strong footing"

despite the devastation. About economic targets agreed with the IMF under a current \$114m stand-by facility, Mr Seaga said: "We are trying to meet those targets, but some of them cannot be met."

Ironically, the improvement in Mr Seaga's popular support will put him under some pres-

US bank failures 'will set record in 1988'

By Anatole Kaletsky in New York

US BANK failures will hit a record in 1988, depleting the reserves of the Federal Deposit Insurance Corporation by \$2bn to \$3bn, Mr William Seidman, the FDIC's chairman said yes

terday. Despite the high rate of bank failures, which compares with the previous record of 203 insti-tutions which collapsed or received federal assistance last year, Mr Seldman noted that the FDIC continued to enjoy a

After the collapse of First Republic Bank in Dallas, and strong capital position. Unlike the Federal Savin

MCorp, the second largest Texas bank, for federal assis-tance, most of the main proband Loss Insurance Corpora-tion, the counterpart institu-tion which guarantees deposits lems had now been identified in the thrift industry, the FDIC is likely to have excess reserves of \$15bn-16bn by the end of 1968, Mr Seidman said, and the bank failure rate "could go down by as much as 25 per cent" in 1969, Mr Seid-man said. He added, however. Mr Seidman also struck an "I must caution you I made the upbeat note about the future in his address to the annual cost same prediction a year ago". He noted that it was too soon vention of the American Bankto say how much FDIC money would have to be channelled ers Association at Honobulu.

into MCorp, but expressed guarded optimism on the grounds that a number of sub-

"ested" in making an invest-ment in the Dallas based bank. Referring to a related issue, both Mr. Scidman and Mr. Rob-ert Clarke, Comptroller of the Currency, expressed strong opposition to any merger

between the well-capitalised FDIC, and the FSLIC. This idea has been gaining ground in Congress as a possible way of rescuing the S&L industry while minimising the direct call on US govern



bout them

AMERICAN NEWS

They both have people who tell them what to do. The whole political system makes me mad," she adds, explaining that the system seems

SEAT **11 MONTHS** IN ADVANCE.

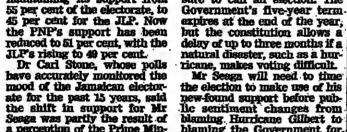
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mood of the Jamaican electormood of the Jamaican elector-ate for the past 15 years, said the shift in support for Mr Seaga was partly the result of a perception of the Prime Min-ister's ability to raise the for-eign financial support needed to repair the damage caused by the burrieane. blaming the Government for being slow in mending the damage. The Prime Minister

damage. The Prime Minister says, however, that he is not thinking of matters political. "Only a perverted mind could be thinking of such mat-ters now," he said when asked if the storm had changed his election plans. "I do not have such a mind." the burricane. The Prime Minister is also seen as a better manager than Mr Manley in rebuilding the country, Dr Stone said. Significantly, Mr Seaga announced to Parliament that the Govern-

Nicaraguan army fears Contras will resume fighting

AN imminent resurgence of war in Nicaragua and a breakdown of the six-month cease-fire is now considered a serious possibility by senior Nicaraguan army officers, Tim Coone writes from Managua, Colonel Manuel Salvatierra. chief of the sixth military

region in Nicaragua, one of the two main war zones in the country, said at the weekend that the US-backed Contra forces had begun regrouping in the past week and that big units were infiltrating once again from Honduras.

President de la Madrid:

"national renovation"

lead to larger military operations than we have had Contra guerrillas elsewhere. Contra gnerman ensembers. Since last June, many of the 7.505 strong Contra forces have withdrawn to Honduras, con-plaining that they were unable to maintain themselves in Nicaragua without further sup-

up until now," he said. During the past two weeks, Nicaragua has made several complaints to the Honduran Government that border posts along their common frontier have been fixed on by Hor have been fired on by Hon-

duran troops. This has been accompanied by unusual troop movements in the Honduran province of Choluteca.

Col Salvatierra said that in the past such incidents have

"It is probable that this will invariably been used to dis- Government has backtracked ad to larger military tract Nicaraguan army forces on the conserve agreement or penalions than we have had while covering infiltration by the Requipulas II peace

the Requipulas if peace according to Col Salvatierra, the Contras have carried out 285 ceasefire violations since the beginning of April, result-ing in the death of 126 of their own thorns Mo did not start own troops. He did not give Sendinista army losses. There is now a widespread

The US Congress, however, last week approved a new \$27m package of "non-lethal" sid to the Contras, and will release them more in will release suspicion that the Contras will soon set out to disrupt the approaching coffee harvest which is Nicaragua's main \$16m more in military aid if it considers that the Nicaraguan carner of foreign exchange.

Mexico on target to cut

inflation rate to 50%

By Richard Johns in Mexico City

Looking back in benevolence Robert Graham talks to outgoing Mexican President de la Madrid

DISTINCT end-of-term air pervades the presi-dential offices and residence at Los Pinos in Mexico City. President Miguel de la Madrid hands over to his cho-sen successor, Mr Carlos Sali-nas de Gortari, in six weeks and both the focus of attention

and the initiative has shifted to the new presidential team. President de la Madrid looks on with the benevolence of a on with the benevolence of a father letting his son take over the family business, a trifle thankful that new blood is assuming the responsibilities. This has not been an easy "ser-ennio", dominated from the outset by the debt crisis and then having to cope with unprecedented pressures on unprecedented pressures on the ruling institutional par-

the ruling institutional par-ty,the PRI, to democratise. Looking back over what has been done, President de la Madrid says: "The basic achievement these past six years has been the nation's ability to react positively to a serious economic crisis. . the worst in Maxican contempo-rary history. The country reacted with a tremendous sense of solidarity which has permitted a hig movement of permitted a big movement of

permitted a hig movement of national renovation." In the oblique language of Marko's politicians, "national renovation" means structural change. The President is proud of having complied with his pledge to shake up the public sector and initiate a deregula-tion of the economy. tion of the economy.

No less important, he believes, has been the liberalis-ation of trading policy, taking Mexico into Gait, and the consequent changes in tariff poli-cles and import licensing. "The

بعلامي ويعجبون والمترجين والمتوجر كالماد الكانك بودواعه المامون

economy has reacted to these economy has reacted to these changes, and we have increased our non-oil exports in a way which has really sur-prised us," he says. In 1982 non-oil exports accounted for 22 per cent of the total; this year they make up 65 per cent

66 per cent President de la Madrid

readily accepts the negative side of the debt crisis - "a drop in living standards, real wages and in the levels of both private and public sector investment". However, he believes the economic measures, above all the economic solidarity pact of last Decem-ber, have laid the groundwork for a return "in time" to 4 per cent growth.

not makes us very happy." He also rejects the view that the widespread, and continued, fraud allegations undermine the legitimacy of Mr Salinas. "I think he has credibility from the majority, and Maxico will demonstrate that it continues to be a stable country canable on the country's \$103hn for-eign debt, the President feels Mexico has pioneered negotia-tions with the international financial community, and he appears more optimistic than two years ago. "Although the megotiations on the debt have been slow and painful, we are seeing some results." Although judging the problem far from solved, be is convinced "we are moving along this path". Turning to politics, Presi-dent de la Madrid recognises that both the presidential elec-tion compaign and the result of the July 6 election mark a turning point in Mexico's polit-ical development. He says: "I demonstrate that it continues to be a stable country capable of ensuring a peaceful transfer of power. . . The doubts about the legitimacy [of the electoral results] expressed by the oppo-sition reveal a traditional Mazi-can defect - the loser always cries foul."

Cuantification of Mr Cuantification Cardenas as a strong opposition leader in the elections, the President seems ical development. He says: "I believe the July 6 elections are a watershed in that they witnessed far greater popular par-ticipation, and I think this is change the system". Nevertheless, he envisages an important evolution in the an irreversible phenomenon". He brushes aside the veherole of Congress, making the presidency more accountable. In the fature I envisage a betment opposition accusation of electoral fraud, but concedes the PRI lost votes: "This does

tive, the legislature and the judiciary. Parliament will have a greater say." But he cautions: "For the

foreseable future Merico will not change its strong presiden-tial system for a parliamentary system. We have a clear presi-dential tradition and in Mexico we do not have the political culture to adopt parliamentar-

"The structure of the politi-cal parties is still not mature enough, and Marico will con-tinue to need a strong govern-ment - by this I certainly do not mean authoritatian, but one strong in the sense of being efficient."

President de la Madrid does not believe that the changing not believe that the changing political climate throws his successor into the chiches of old party bosses of the PRI. "This is a fear voiced at the beginning of very new adminis-tration... this was stid when I took office." Besides, adds the President, the high percentage of young people in the popula-tion means the Government cannot be a prisoner of the older generation in the party. Autome his own achieve-

Among his own achieve crease in literacy over the 14.5 per cent to 5 per cent), and a huge effort made in housing.

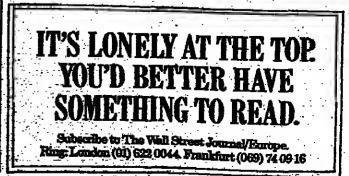
He declines to discuss his plans, other than his desire for a good rest. But he is only 54 and this seems an unlikely age balance between the executo opt for retirement.

beyond November, until the end of 1988.

Discontent has focused on sharp price increases levied by the private sector on meat, eggs, milk, beans and other food products.

When the austerity plan was renewed in August, the private sector undertook to reduce prices by at least 3 per cent. From the start of its imple-mentation in January, the mentation in January, the prices of public sector goods and services were frozen. Last week, the leadership of the Congress of Labour proposed to President-elect Carlos Sali-nas de Gortari that the pact should be extended during his first mouths in office. He is reported to have approved in principle.

The initiative, however, wa very much that of the predom-imant Coulederation of Mexi-can Workers, led by Mr Fidel Can workers, see by sur rines Velasquez, a stalwart of the roling PRL But dissidents within the Congress, which has 34 member organisations, are becoming openly restive about the wage freeze.



MEXICO'S MONTHLY rate of inflation dropped to its lowest monthly rate sizes June 1976 last month, when the Con-sumer Price Index rose only 0.6 per cent over the August-level.

It brought the cumulative increase during the first nine months of the year to 45.5 per cent. The Government now looks well placed to achieve its objective of containing infla-tion within 50 per cent this

year. The Central Bank cited as the main factor the lifting of value added tax on process foods and medicines, together with the price cuts by the pri-vate sector under the tripartite deal among Government, unions and business which.

deal among Government, unions and business, which led to a three-month renewal of the Economic Solidarity Pact in mid-August. Any jubilation about the sta-bilisation plan's continued success in curbing inflation may be tempered by the groundswell of opposition within the labour movement to a proposal to extend it

ments President de la Madrid is proudest of having reformed the municipalities, devolving considerable financial auton-ony. He also likes to cite the last six years (the percentage of illiterates has fallen from

unwilling to make concessions before leaving office. He sees Mexico as a social democracy "and we are not willing to

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FINANCIAL TIMES TUESDAY OCTOBER 11 1988

OVERSEAS NEWS Indonesia racked by legacy of a long-dead leader

A biography of Sukarno has fuelled debate over his continued influence, says John Murray Brown

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I baffled by their own his-tory, and no figure is more baffling than Gen Sukarno, the nation's first president who fought for and won indepen-dence from the Dutch in 1949 and then pitched the country into political and economic chaos.

A new biography of Gen Sukarno, who in effect ruled the country for two decades from 1945, has helped revive : the controversy and provide a

contrast with the present. The debate has also focused, perhaps inevitably, on the achievements of the only leader most Indonesians have known: his successor, 67 year old President Suharto. The

old President Subarto. The book, He Who Sows the Wind Reaps the Tempest, describes. Indonesia's founding father as a communist and alleges that he was intimately involved in the failed left-wing coup of 1965 which was to lead to his down-fail fall.

fall. The Government has not endorsed the work, although some cabinet members have appeared to sanction its claims. Journalists, many of whom were imprisoned during the Sukarno years, have, more commendably, condemned the book almost to a man. The author, a former intelligence officer, said merely that he was trying to stem Sukarno's rising trying to stem Sukarno's rising popularity. Sukarnoism is a phenome-

non that President Subarto's New Order regime has had to live with ever since seizing power after the abortive coop. Indonesia's Communist Party

Marxist agrarian philosophy. Earlier this year the Govern-ment banned a small youth group devoted specifically to the study of Marhaenism. If Sukarno's appeal today seems undiminished, it has lit-tle or nothing to do with his peculiarbrand of socialism. At elections last year thousands bowed to public pressure, granting him a state funeral on his death three years later. Sukarno's ideas have been

peculiarurano or socialism. At elections last year thousands of young indonesians bran-dished posters of the former leader unmistakable in his Ray

Ban sunglasses and the famil-iar black Fez. More than any-thing they were representing the frustrations of an emerging middle class tired of the bland politics of the Subarto regime.

"The country used to be ruled by leaders. Today many people feel it should ruled by servants," says a prominent playwright, reflecting popular disenchantment with Suharto's team of retired military and technocrats, for whom eco-nomic performance is the only platform.

Indonesians are sensitive to the fact their country in still little known in the outside

world. It was a particular blow when in September Indonesia failed to win support for its candidacy as head of the Non Aligned Movement - an organisation which Sakarno helped to found.

The contrast in styles could hardly be more pronounced. Sukarno was an international-ist, a sthring orator whose way with words was matched only by his notorious way with women. But Sukarno's Indonesia was also one of food short-ages and triple digit inflation where the leader's flery nationalism bred regional division, military factionalism, and led to the ill-fated confrontation with the newly independent

Malaysia. Paradoxically President Subarto, the smiling General, enjoys the sort of unchallenged authority that Sukarno always aspired to but never attained. He has countenanced little opposition, skilfully playing on the rivalry between the court and the military which are still indonesia's main sources of power. The press remains sti-fied. The judiciary is Govern-ment-controlled. The Islamic threat in what is nominally the world's largest Moslem coun-try, has been firmly dealt with. During the New Order Indonesians have attained a standard of living never known under Sukarno.

The current rub is that the economy has been badly hit by

the fall in the price of oil, the main source of Government main source of Government revenues and foreign exchange. Rice self-sufficiency, one of President Suharto's proudest achievements looks unsustainable as the country's 175m population continues to grow 2.2 per cent every year. More worryingly, the middle class which has benefitted most, is starting to question the social costs of develop-ment. Newspapers are today ment. Newspapers are today full of stories about industrial pollution and the problems of traditional land rights in a modern setting. be leadership issue is

perhaps giving Indone-sians more to think about. The military, hitherto the main source of trained persomel, may not be capable or even willing to keep hold of the reins of power. Officials ask whether the present controlled political system is able to throw up civilian leaders to take their place.

take their place. There is growing criticism of the so-called P4 course – a spoon-feeding of the state ideol-ogy Pancasila, obligatory for everyone from top civil ser-vants to theatre directors. Gen Benny Murdani, the Defence Minister, caused a stir recently when he successed the estabminister, caused a sur recently when he suggested the estab-lishment of a special school to groom the nations's best and brightest. Many Indonesians probably feel the country is ahready elitist enough.

Oil and Gas Technology Projects

European Community Funding

Funds are available from the Commission of the European Community for projects which promote new technology in exploration, production, transport or storage of oil and gas. The monies become repayable on commercial exploitation and may cover up to 40% of the total cost. Interest is payable only on amounts outstanding after commercial exploitation.

The closing date for the next round of the Scheme is 16th January 1989.

The Offshore Supplies Office, OSO and the European Commission have organised a seminar at 2pm on Monday 7th November at the London offices of the European Commission, 8 Storey's Gate, London SW1P 3AT.

The Commission will describe their scheme and OSO will explain their role. Places at the seminar will be limited and will be allocated on a first come first served basis.

To reserve a place at the seminar and obtain a free booklet designed to help British companies seeking funds under the scheme entitled Technological Developments in the Hydrocarbons Sector, simply post the coupon; or telephone Miss J. Park of the Offshore Supplies Office on 041-221 8777 ext 488.

□ Please reserve me a place at the 7th November 1988 Seminar.

Please send me the free booklet about funds available under the scheme entitled Technological Developments in the Hydrocarbons Sector.

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Kaunda visits Zaire for peace talks **Burmese troops clash with guerrillas**

PRESIDENT Kenneth Kaunda of Zambia arrived in Zaire yesterday to discuss prospects for peace in southern Africa with President Mobutu Sese Seko. The Zairean leader was expec-ted to brief Mr Kaunda, the chairman of the frontline states on his talks last week with South African President

to respond to Mr Botha's Mr Kaunda turned up in the recent diplomatic overtures in southern Zairean centre of Lubumbashi as the Zimbabwe the region with Zimbabwe rejecting any idea of a meeting with the South African leader Foreign Ministry announced that tomorrow's summit of and Zambia willing to welcome frontline states in Botswana him under certain conditions. had been cancelled. Yesterday's moves came amid optimism that progress

The cancellation appears to underline a split among the has been made in talks on independence for Namihia. PW Botha, our Foreign Staff southern African states on how

fought against some 1,000 eth-nic minority guerrillas attack-ing their fromier units yester-day, the government said, AP reports from Rangoon. The battle came two weeks offer community former guerrill

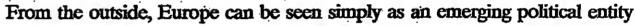
BURMESE government troops the western bank of the Moei River that separates Thailand and Burma, it said. More than 150 shells fired from the Thai side of the river, crashed into Methawaw on Sunday, it said. Shells fired by

after communist Karen guerril-las raided perimeter outposts then sent reinforcements to said. attack troops at Methawaw on

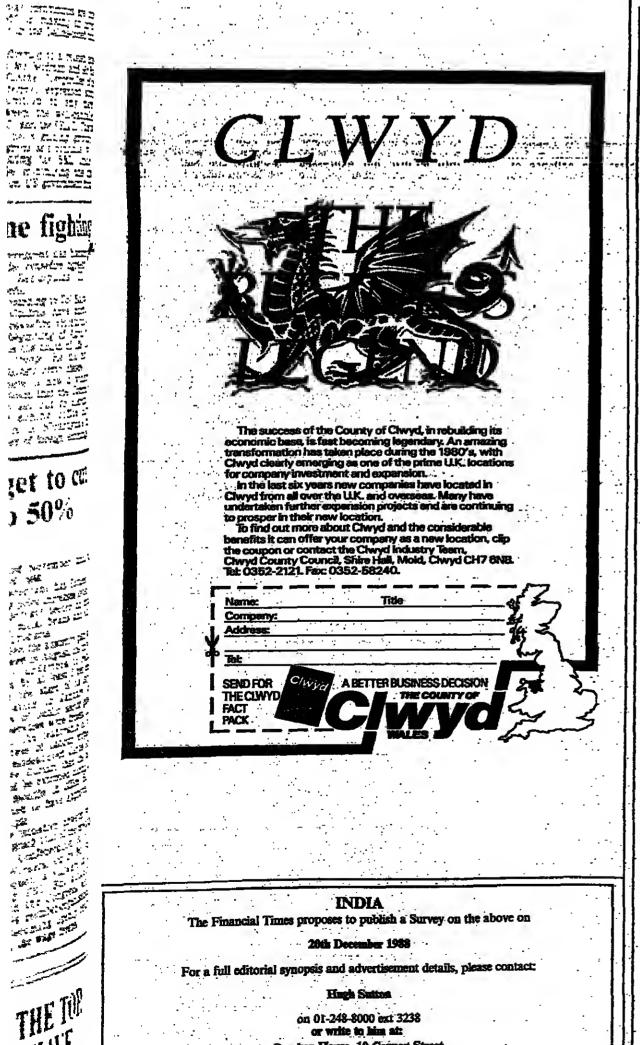
north east of Rangoon. The Government gave no casualty figures and said that the fighting continued yester-day "in the second biggest

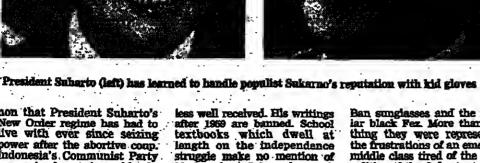
engagement" since September 30 when government forces drove back some 2,000 guerrilthe guerrillas inside Burma also struck Thai territory, he las of the Burma Communist Party from Mong Yang in the The area is shout 210km





(see fig. 1). But as most businessmen know, on the inside it's a vibrant economic



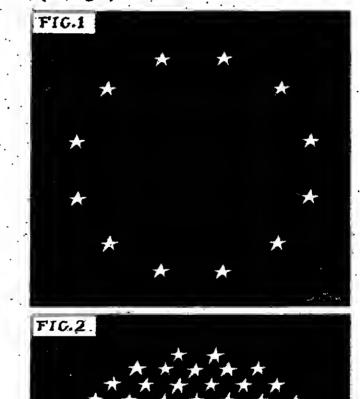


less well received. His writings after 1959 are banned. School textbooks which dwell at length on the independence siruggie make no mention of Marhaenism, Sukamo's quasi-marxist agrarian philosophy.

on 01-248-8000 ext 3238 or write to him at:

en House, 10 Camou Stre London EC4P 4BY.

FINANCIAL TIMES



community packed with places generating a lot of business (see fig. 2). So if you fly for business we think you should fly with people who fly for the businessman: Air France. With 94 destinations in Europe alone we not only regularly go where everybody else does, but also to places nobody gives a second thought to, until they have to go there. In fact, we fly to more cities in Europe than any other airline. And if that isn't enough incentive for you to fly with us, fly with us for our service. You'll find that it also rates a few stars.

THE FINE ART M/M OF FLYING

OVERSEAS NEWS

Peking orders cut in industrial investment Sri Lankan law and

CHINA'S main policy-making body has ordered a reduction of investment in industries ar investment in industries ranging from textile processing to consumer electronics and plastics, AP-DJ reports from Hong Kong. The order, issued by the deteriorates

order

strike.

sharply

By Mervyn De Silva in Colombo

On Sunday night suspected

Tamil separatist guerrillas shot and hacked to death 45 people,

including children, in a raid on

a Sinhalese village in northern Sri Lanka. Schools throughout

the island were closed on gov-ernment orders yesterday

morning. Shopkeepers and bas drivers ignored government threats and started another *kartal* or general

About 25 men, suspected of belonging to the Liberation Tigers of Tamil Eelam, took part in the swoop on the vil-iage of Mahakongaskade in the

north-central province. The victims were 13 men, 14 women and 18 children.

The Government threatened

that private bus operators would have their vehicles and route licences confiscated if

they fail to maintain normal schedules. Owners of grocery stores, hotels, pharmacies and bakeries were been warned

that if they close shop the police have been given powers under "the essential services

act" to force them open and distribute essential consumer

goods. But most shops remained closed yesterday. Those buses and trains that

ran had army escorts. The Government's tough

action is in response to the lat-

est hartal called by the Patriotic Armed Forces, the military wing of the marxist Sinhalese JVP which has been conduct-

ing a campaign of terror against the ruling UNP party and its allies since President

Junius Jayawardene signed a

peace accord in July 1987 with Mr Raiv Gandhi, the Indian Prime Minister.

The JVP denounces the pact as a betrayal of majority Sinha-

lese interests to Tamil separat-ists and a surrender of Sri Lan-

kan sovereignty. On September 17, President Jayawardene's

82nd birthday, a *hartal* para-lysed Colombo and most towns

in the seven predominantly

Sinhalese provinces of the

The present hartal is a pro-

Betrayal

south

last night.

force.

stations

Fast to death

State Council late last week to take effect on December 1, will not apply to projects involving foreign investment or to those

in such priority areas as energy and transport. But in targeted industries, it will cancel proposed projects and even plants under construction.

1980s - and Glenn Wheatley is one of the key men behind it. Mr Wheatley heads a public

company operating a chain of FM radio stations in four of Australia's state capitals. He is

also manager of John Farn-ham, the country's most popu-

lar rock star, and other artists

His success coincides with the enormous attention which

Over the weekend, foreign executives expressed concern over a likely drop in Chinese imports of machinery and capi-tal goods. The circular, issued by the State Council Thursday, specifically denounced projects that rely on imported raw cut capital investment next

A senior Chinese security official has left on a 12-day tour of Hungary, East Germany and Poland to discuss problems thrown up by free-market reforms, cast European officials sold yesterday, Renter reports from Peking. Giao Sini, a Communist Party Politiono member with constal memoralibility for security workers special responsibility for security matters,

materials. The exceptions are projects that produce predomi-nantly for export.

"The scale of the rollback will be rather huge," said Deng Zhiqiang, a division chief of

would exchange notes with his hosts on issues created by free-market economic reforms in China and Eastern Europe, the officials said. A delegation of officers from China's People's Armed Police is said to be in Poland for train-ing in how to handle public disorder and for advice on riot control equipment.

4000m for this year. This is the first drastic mea-sure sumounced since the Com-munist Party Central Commit-tee decided last month to slow economic growth and dampen the inflation rate, which is running at 20 per cent officially.

involved are cotton textiles, leather and rubber goods, irac-tors and television sets.

tors and television sets. • Projects making goods that consume too much energy, such as rice cookers, vacuum cleaners and froms. • Projects that fall outside the state plan and that Peking regards as overlapping invest-ments. Singled out are projects in such strategic industries as, emission-ductors, cathoolevar. semiconductors, cathode ray

tubes and cars. • Certain infrastructure schemes, such as highways and smaller ports.

Exemptions to the order fall into five priority areas: energy, transport, telecommunications, some raw instanisis, and agri-cultural products. Projects

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year by Than 50km (28bn). Projects covering more than Such a reduction would 100 types of products will be amount to about 12 per cent of axed. They fall into several the estimated total of Yuan broad categories: · Projects producing goods

made from raw materials that are chronically in short supply. This is the broadest category and also includes industries whose existing capacity is deemed excessive by central planners. Among the products

involving foreign investment and high technology will also be spared.

Australian sets the airwaves humming

of others....

the 1970s."

repeat its success with the new

inger. That replacement was none

other than Farnham, and it was Mr Wheatley who per-suaded Farnham to have

Chris Sherwell reports on an entrepreneur who has made a success of rock and radio Back in the swinging Sixties, English rock alight with the help of phrate radio. Something similar is happening in Australia in the

management has become essential So has effective pro-motion - prefacibly through radio. It is Mr Wheathey's familiarity with both facets of this complex business that has allowed him to make his mark. A multimillionaire at 40, he tries to straddle the line between rock and business by wearing collar and tie with blue. jeans. Ask him what different and he replies with one word: professionalism.

unexpectedly successful comeback as a rock singer and his enormous personal popularity. Nothing about this star's recent career has been left to chance. Mr Wheatley has ensured that the music itself, and the way it (and Farnham)

have been carefully researched, planned and exeented Mr. Wheatley takes the same

rock. His experience as a rock band manager taught him that FM radio represented a good business opportunity, and he set up the first station, 3EON-FM in Melbourne, in 1980.

lord to a stable of another six stations which attract a large proportion of under-35 listen-

But there are others. Good ers. Three are FM stations in nanagement has become Sydney, Brisbane and Perth.

All this is a long way from his first big job in rock, as guitarist for a band called the Masters Apprentices in the late Sixties.

The others are AM stations in Adelaide, the Gold Coast and Geelong, near Melbourne, which he plans to convert to

It has not all been plain sailing. After a couple of years SEON-FM looked like such a had investment Mr Wheatley sold it. But in 1986 he bought it back, along with 2MMM-FM in Sydney, for A\$90m. It now reg-ularly tops the avidly-watched ratings.

His biggest business move have come in the past 15 months, when the whole radio industry. like other parts of Australia's highly-developed in the sector, was abaken up by major regulatory changes. In 1987 he linked up with the then-privately owned Hoyts

group when it floated the Hoyts Entertainment cinema group and Hoyts Media. Hoyts Media was formerly

A shortfird of establishments that the first-time

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When the shops shut and the city has fun.

Constarty Sulicities of International Frants

while aid in planning budness trips in

ity. This entries feature of the

Wheatley Communications and is the company Mr Wheatley runs. It is 51 per cent-owned by Hoyts Entertainment, 25 per year the Liftle River Band itself reformed, fronted by Shorrock - whom Mr Wheatley also manages. cent by Eurolynr, a finance group he is connected with, and 24 per cent by the public.

Now busy promoting the group's new allum. Shorrock sits on the board of Export Music Australia, representing the performing rights associa-tion. Mr Wheatley is doing his bit for the industry on the board of the Australian Canmporary Music Development Company. His story shows that success

and 24 per cent by the public. To avoid suggestions of a conflict of interest, he has since sold his Wheatley Organ-isation group of music inter-ests to Hoyts Media. The group has taken him beyond talent" spotting and artist manage-ment to record mutication ment to record production. concert promotion and music in Australian business does not depend on traditional sources of wealth such as farms and quarries, nor even on the newer ones of hotels, breweites and newspapers. As in other developed countries, mak and radio can he form. rock and radio can be a formi-dable combination.

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Australian pop music, like so much else from the couniry in its bicentennial year, is attract-ing abroad through groups like INXS, Crowded House, Midnight Oil and Icehouse, and individuals like Farnham or Kylie Minogue. So lucrative has this business become in the 1980s that even the Government, through its trade promotion arm Anstrade, has set up two compa-nies, Export Music Australia to

promote the country's rock exports, and the Australian Contemporary Music Develop-ment Company to help the industry domestically.

Australians have long found various niches of the international rock world. Latterly, however, their prominence, individuality and earnings have taken on new dimensions. Some of the reasons are straightforward: talent, for one, and hard experience.

test against elections to the council of the new "merged" region comprising the Tamil Taiwan set northern province and the eth-nically mixed eastern province. Nominations for the poll closed to produce

Take Farnham, who was made Australian of the Year this year on the back of his

are packaged and promoted,

approach to radio as he does to

another shot at stardom. Last THE FINANCIAL TIMES PROUDLY PRESENTS .. THE CALENDAR OF THE YEAR

All this is a long way from his first hig job in rock, as gui-tarist for a hand called the Masters Apprentices in the late Sixtles. Putting it politely, then he watched success go the way So he got some experience in the business in Britain, went back to Australia, and started doing it himself. The result was the Little River Band, probably the most consistently successful Australian band of He put its members together, took them abroad, and made them successful. But after several years Glenn Shorrock, their singer, left and the band broke up after it failed to

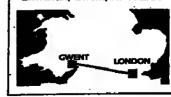


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In September, TSB Trust Compariy opened their new operation in Gwent. "Moving our General Insurance Services Division to Newport was not only a sound business decision. but a good investment for the future" says James Bradfield, Divisional Manager.

"We chose Gwent because it met all the criteria we laid down - a superb communications network, a skilled, adaptable workforce and an enjoyable way of life. The financial assistance was a valuable additional bonus."

TSB Trust Company is just one of many businesses which . have successfully made the Gwent Connection. To find out more, ring the Gwent Industrial Development Team on 0633 838867 for a free and confidential consultancy service. Or write to Gordon Probert, County Planning Officer, Gwent County Council, County Hall, Cwmbran, Gwent, NP44 2XF.





On Sunday, President Jaya-wardene defended the "accord" jet fighter with Mr Gandhi, the establish-

ment of provincial councils TAIWAN plans to finish a and the one-year experimental prototype of its first locally developed jet fighter by the therger of the north and east as a reasonable compromise that nd of the year, the Defence could save Sri Lanka's unity Ministry announced Sunday, and territorial integrity. After AP writes from Taipel. The ministry said the milione year the residents of the east could decide in a referen-

The ministry said the mili-tary-run Changshan Science Institute in northern Taiwan plans large-scale production of the fighter next year. Develop-ment of the fighter began in 1963 after Taiwan had experi-enced difficulty buying weap-out from chrosed dum whether to continue with the merger. Is the north - the Tamil Tigers, the main rebel group demanding an autonomous state for the minority Tamils - is boycotting the polls. Only three smaller Tamil militant groups have fielded candidates, ous from abroad.

The statement did not say ther the aircraft was be built with US assistance. The and these have been threatbuilt with US assistance. Ins Stat-Telegram newspaper of Fort Worth, Texns, reported in May that General Dynamics Corporation had been helping Taiwan develop a jot fighter for the past three years. ened with death as "traitors" by the Tigers. The Tigers have now killed more than 500 soldiers of the 60,000-strong Indian peace-keeping peace-keeping

Singapore eases

magazine ban

Singapore said yesterday that from Saturday it would allow In the neighbouring south Indian state of Tamil Nadu, sales of up to 5,000 copies per issue of the magazine Ari-aweek, Reuter writes. Singawhich has been put under pres-Which has been put under pres-idential role by Mr Gandhi, "Kifiti", a Tamil Tiger leader, threatened to fast to death if the peace-keeping force did not announce an immediate ceaseaweek, Heater writes, Singa-pore cut sales of the Hong Kong-based magazine 12 months ago from 9,000 to 500 copies a week, saying it was interfering in local politics. A Communications and Information Ministry state-ment said yesterday that the circulation curbs were being circulation curbs were being relaxed because "Aslaweek's reports on Singapore in the Last few months have not taken sides in Singapore's domestic politics".

Rainbow Warrior plot alleged

A two-part talevision series on the 1985 sinking of Green-pence's flägship claims that British and US intelligence services knew of a French plot before the Rainbow Warrior was scutiled in New Zealand, AP reports from Sydney, "The Rainbow Warrior Conspiracy" had its world member on Sunhad its world première on Sun-day and ended yesterday. It suggested the CIA and

abolish the provincial councils. "President Jayawardene did not consult parliament or the people before signing the pact. It is hitterly opposed by the Sinhalese and has been rejected by the Tigers. I shall negotistic directly with all the Tamil parties, without involv-ing another country in our domestic prohlems," sold Mrs Bandaranaike who is sup-ported by eight parties includ-ing the JVP, although the lat-ter has not yet carried out its MI-6 knew about the scheme but withheld the intelligence from New Zealand because the Labour Government had enacted legislation banning visits by warships capable of

visits by warships capable of carrying nuclear weapons. Mr Bob Loader, producer, of Golden Dolphin Productions, said yesterday: "We think the Americans and the British ther has not yet carried out its electoral pact to stop violence in the south. Two districts in the deep south have been placed under 36 hour curfew after mobs were annoyed at New Zealand's anti-nuclear stand and this was a way of slapping attacked several police New Zealand on the bottom."

1 (7*1 S*. 1 tation within the international business community for designing high quality products to mhance efficiency whilst, at the same time, reflecting discorranged and good taste. New, for the first time, we have applied this same philesophy to the creation of a wall dur, designed to take its place providy is any executive effice.

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will the name, address and talephone mather of the country's Central Bank.

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logelber wilk opening listes, trading into address and folgelone sumber. Business Heurs Castomary open shops and femisting and closing hours of offic

Interleated overy three medits is a quarterly guide to mejor adultificity, conferences, adultant and events of imperference to the international Genal Airlines Who are they and where they ity to - addresses ad telephone numbers, together with fell details colondar, compiled from the FT's new voil databast of worldwide Exaction coust and information, is on بعلما ليحد of the city's airport.

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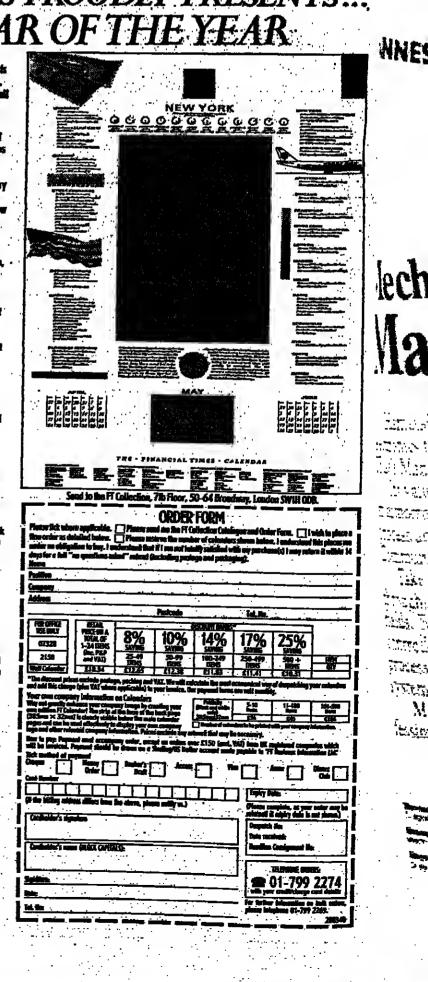
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p.

fire and re-open negotiations with the Tigers. On Sunday, "Kitta" and 130 Tigers were bundled into an Indian Air Force airplane and brought to Jaffna, the capital of Sri Lanka's northern province, where they are now held in an Indian army camp. President Jayawardsne's

assurance that the provincial merger is temporary has also not calmed the majority Sinha-less. Mrs Sirimsvo Bandaranalke, the main opposition can-didate in December's presidential election, has stid presidential election, has said that she will "abrogate" the accord with India, order the Indian troops to withdraw and abolish the provincial

. . . .

OVERSEAS NEWS

Israeli giant at risk over \$20m bank claim

Andrew Whitley reports on Bankers Trust move to wind up Koor Industries

magine a move in the British courts by a US bank to force the compulsory simultaneous winding up of British Steel, British Aerospace and GEC. Take into account the fact that crucial national elections are due in three weeks' time, and the three mega-companies at risk are owned by the Trades Union

Congress. Put into an Israeli context, that is the significance of Sun-day's application by Bankers Trust to liquidate Koor Industries

Far and away Israel's largest company, Koor alone is respon-sible for 12 per cent of industrial output. Its 30,000-strong workforce makes up 11 per cent of industrial employment. Hevrat Ha'Ovdim, the

group's owner, is the economic holding arm of the trades union movement and is thus closely related to the Labour Alignment party. With the election race between the two main blocs running so close, thousands of redundancies at Koor could be enough to swing one or two vital seats in the

usually begin as pebbles rolling downhill. The five unsecured loans which Bankers Trust Company of New York extended to Koor USA Incorporated, on which its Israeli par-ent defaulted last week, were just that - pebbles. Ranging in size between \$1m and \$7m, the total of maturing

debt barely reached \$20m, a fraction of the \$163m which the US bank is believed to have Outstanding to the Koor group; and an even smaller percent-age of the borrower's gross debt of nearly \$1bn. But, by the end of last week, Bankers Trust had had accurd pany to bring it back to profit-ability."

end of last week, Bankers Trust had had enough. Months of negotiation with Koor's new management – in-stalled after record 1987 losses of more than \$250m – over additional securities for its loans seemed to be leading that a new package of credits for Koor being put together by a consortium of Israeli banks might put foreign creditors of the troubled group at a disadvantage On Sunday, Bankers Trust therefore took the extraordi-

nary step of seeking a court order in Tel Aviv to force the winding-up of the Koor group. A statement issued through

the bank's Israeli lawyers said the move was in the best interests of everyone concerned: Koor Industries, its creditors and Israel. One passage in the statement went to the heart of statement went to the neart or the issue, reflecting the deep, underlying antagonisms which bave developed during this, year between Israel's largest company and its most impor-tant foreign creditor: "The current management of the company. . . has lost the confidence of Bankers Trust Company to manage the com-

Unlike the Israelis' other creditors, all of which have, until now, rolled - just as he was getting the corners of his sprawling empire cleaned up, conditions worsened appreciably at Tadiover maturing loans and extended existing credit lines in support of Koor's recovery programme, the blue-blooded New York bank wanted its First-half losses at Israel's leading electronics company more than doubled to over money back. For its part, Koor was desperately anxious to-keep all its creditors together. If one broke ranks at this critical time, with an all-important first-half result for the new management coming np on what the US bank was contem-October 17, the avalanche of claims could be catastrophic. Nerves were already strained Koor for another, related

reason. Under the terms of a-\$105m "junk bond" it had issued in the US in 1986. failure to keep the group's debt/equity ratio under 300 per cent would lead to an automatic early redemption of the debentures.

Likud party, campaigning Over the past six months, Mr against what it calls Labour's "Bolshevik economy". But the ensuing political row if it were Benjamin Gaon, the chief executive officer drafted in by Hevrat Ha'Ovdim, the labour federto go into receivership would ation holding company, has be equally damaging to both made reasonable progress in reducing overheads. Several halves of the coalition government. Mass redundancies could factories have been closed and the payroll alimmed down. also have a backlash effect against the Likud: many of the Unfortunately for Mr Gaon group's employees in develop-- a marketing man dedicated to putting profits before jobs

ment towns are natural Likud voters Prodded into action by the vovernment, a \$60m "lifeboat" for Koor was announced on Sunday by the Israeli banks, But if, as is widely feared, other foreign creditors follow ran, the jewel in Koor's crown. Bankers Trust's example, the situation could rapidly worsen. Substantially more help is thus likely to be needed in the near future if the group is to regain the semblance of an even keel. That help may be on the way, judging by comments made yesterday by Prime Min-ister Yitzhak Shamir. "Koor is

"I cannot imagine that a court

will call for the winding up of a

company with a \$3bn turnover on the basis of a \$20m claim." Koor's difficulties are an

obvious electoral gift for the

Φ7.

\$24m, pushing the red ink for the group as a whole up from an initial forecast of \$55m to nearer \$70m. Although Koor management had gleaned a few inklings of plating late last week, no one could believe it would seri-ously go through with such a move. As Mr Gaon remarked: one of the most important companies in the land. It is forbidden to ahandon it," he said.

Army takes harder line against uprising

AS THE Palestinian uprising moves into its 11th month, the Israeli, Army has taken the offensive, in a calculated bid to raise the cost of continuing daily unrest in the occupied territories.

Over the past three days alone, nine Palestinians have died, and at least 50 have been injured, in the West Bank and Gaza Strip following instruccase any doubt remained, the command was restated by Mr

approaching Israeli general elections - is also being reflected in increased attacks by Palestinians on alleged col-laborators. Despite stepped-up protection and the threat of harsh reprisals by the military:

authorities, three such deaths were reported at the end of last week. Spearheading the Israeli offensive are two elite undercover units, one in the West Bank and the other in the

clothes and Arab headdresses attacked residents of Dura vil-lage, in the West Bank, during a big army sweep on Sunday.

The undercover units, employing mostly Sephardi Jews of Middle Eastern origin and appearance, are also charged with combatting changing tactics on the Palestinian side. When, for instance, the incidence of petrol bomb attacks on the security forces

and on Jewish settlers' cars snddenly increased, their attention was switched to stamping out this new threat. Not that these Israeli versions of Lawrence of Arabia, in traditional Palestinian dress, cruising around the streets in confiscated Arab licence-plate cars, always get their men. In one classic mix-up last month, which left red faces all round,

Other instances of car had just missed being the operations by Cherry forces have been recorded by journal-ists in the centre of Nablus. target of a molotov cocktail, shot and wounded two "Palesfrom the scene. Minutes later, he discovered he had hit Israeli soldiers waiting in ambush by mistake.

What has prompted several what has prompted several protests from foreign news organisations – to no avail – is the way in which mem-bers of the security forces sometimes pose as journalists as well, to film demonstrators and facilitate arrests.

On official figures, 250 Pales-tinians have been killed and some 7,000 wounded - many of them crippled for life - since the intifada began last December. Unofficial statistics compiled by foreign news agencies and relief organisations put the an American-born settler, a number of dead at more than Vietnam War veteran, whose

Palestinian state to be declared PALESTINIAN leaders have

agreed to recommend the declaration of a Palestinian state and the Palestinian parlia-ment-in-exile will probably make the declaration before the end of the month, a spokesman confirmed yesterday, Our Foreign Staff writes.

Mr Jamil Hilal, director of the Palestine Liberation Organisation information department, said that the leaders, at meetings in Tupis since last Friday, have also decided that formation of a provisional government should wait until

later. The state would be based on resolution passed by the United Nations Security Council in 1947 - before the birth of the state of Israel - which pro-posed the division of Palestine into Jewish and Arab states, Mr Hilal said.

Islamic ministers tackle media image

across the Community. First

shipments are expected to arrive in the UK in early.

December bearing the new. label "Gaza Top".

To overcome the tricky prob-

lem of defining the country of

origin of the produce, the car-

tons will simply say "Produce of Gaza". Stateless themselves,

the growers had attempted to

stick out for the marginally more political wording "Gaza

Strip", but this was overruled by the Israeli authorities.

ministers open their first conference is Jeddah today in a bid to improve what some con-sider the unfair image of Mos-lem countries in the world media, Reuter reports from Jeddah.

The official Saudi Press Agency (SPA) said in an edito-

MANNESNEN

ISLAMIC information gradually liberate themselves. from dependence on non-Mos-lems in the field of informa-

tion." Delegates from the 46-mem-ber Islamic Conference Organi-sation (ICO) should "contribute tion.

to confronting the activities of. Christian missionaries." They should put an end "to the invasion of foreign ideas rial that through training and the invasion of foreign ideas cooperation, "Moslems will which hamper Islamic informa-

and social structures."

tion," it said. Another important element would be to confront hostile information. Sandi Interior Minister Prince Nayef Ibn Abdulaziz

said the mass media had a role in maintaining security. The prince, on a visit to Tur-key, told SPA "security does not merely depend on security organs but also on religious and eorial cituativae "

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- the juice makers are said to be offering Gazan orange grow-ers double last year's price for their fruit.

and Tel Aviv, a second con-signment of 150,000 tonnes of November 1 poll. Avalanches which sweep away whole hillsides, crushing entire villages in their way, shamouti, or navel, oranges is planned for export to Western Europe in December, in Febru-ary, provided a licence is granted, the Gazans hope to export up to 700,000 tonnes of their main product, the valen-

cia orange. Ironically, one potential pit-fall in the way of the scheme's success is competition from Israeli juice manufacturers for

this year's poor citrus crop.

more political than economic

lower tariffs available under According to Mr Mario the pending treaty. Overkleeft; the Dutch market. The licence granted this ing expert who has been mak-

ing the arrangements in Gaza

Anid suggestions that prices are being artificially inflated - to demonstrate to the Euro-pean Community that its sup-port for Palestinian farmers is

tions from Mr Yitzhak Rabin, the Defence Minister, to "shoot to wound" demonstrators. In

Rabin on Saturday night. The sharpening con-flict - exacerbated by the

responsible for many recent Usually masquerading as Arabs, the main purpose of these units - whose existence the army does not officially

acknowledge - appears to be to gather intelligence and to "snatch" suspected ringleaders. According to Reuters news agency, Israelis in civilian

Gaza Strip, codenamed "Cherry" and "Simon". In tandem with the Shin Bet secret police, Palestinians say these plain clothes forces have been

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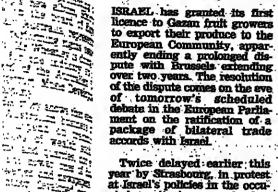
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year by Strasbourg, in protest at Israel's policies in the occu-

pied territories, any further postponement could create a

serious rift between Brussels

and Tel Aviv. At the start of

their export season, Israeli

farmers are anxious to gain the

Gazan fruit-growers granted licence to export to EC states By Andrew Whitley in Jerusalem ISRAEL has granted its first week by the Israeli Agriculture Ministry and the Civil Admin-istration for the occupied terri-tories to a group of Gazan licence to Gazan fruit growers to export their produce to the exporters covers a consign-ment of 3,300 tonnes of grape-fruit ordered by purchasers

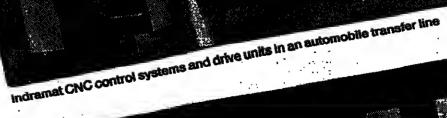
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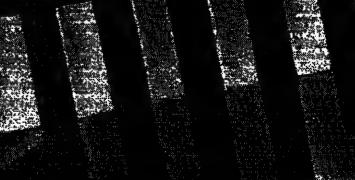
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Communications Technology Take bydraulies and materials handling, Pioneering bi hitmesh have made Mannesmatha the world leader in both Two of the most recent examples: the latest electronically controlled derves that are revolutionising automatic production mocesses and methy automated materials flow and storage consultat point the way to the factory of the future Manuestnenur the skill and expertise of over 120,000 pr and mover 100 countries around the world









While accepting that some

wishes, makes no reference to a special facility, but the chances are that other mem-

WORLD TRADE NEWS

cocoa in their products but

what happens to us if the barri-

ers coms down and British

The answer to this rhetorical

one of the major fears of the 66

African, Caribbean, and Pacific

(ACP) nations as they prepare for the formal opening in Lux-

embourg tomorrow of negotia-tions for a new trade and aid agreement to replace the cur-

rent (and third) LoméConven-

Observers are convinced that

the background of Europe's

plan for a single market by

1992 - and concern that the

EC may become a members'

chub more impervious to othe

countries' exports - will be one of the major themes in the

Along with the worry that

concessions made to other non-

EC countries in the Uruguay

Round, plus the EC's apparent

determination to link its aid

more closely to those states

making structural adjust-

ments, "1992" seems certain to

dominate a diplomatic process

forthcoming talks.

tion.

Gatt dispute mechanism may be speeded up

By William Dullforce in Gene

THE MECHANISM for settling trade disputes under the General Agreement on Tariffs and Trade (Gatt) is likely to be sub-stantially improved next year following the tabling yesterday by 13 countries of substantive proposals.

The whole process would be speeded up by fixing stricter time limits. These would apply to the bilateral consultations between contending govern-ments which have to precede a Gatt investigation, to the establishment of a panel to investigate a complaint, and to the deadline for publication of the report.

Disputants would no longer be able to block adoption of the panel's recommendations by the Gatt council. They could either join or abstain from the consensus by which Gatt deci-sions are traditionally reached. The proposals were submit-

ted to the group negotiating on improvements to dispute settle-ment under Gatt's current Uruguay Round by Canada.

They had been worked out in consultation with Argentina, Australia, Hong Kong, Hun-gary, New Zealand, the three Nordic countries, South Korea, Switzerland and Uruguay. They recommended that the proposals come into effect on January 1.

None of the three major trading blocs, the European Com-munity, the US and Japan,

MALAYSIA Mining (MMC), the

world's biggest tin mining

group, has won a contract, worth 400m ringgit (\$150m) to build a 730km gas pipeline for Petronas, the Malaysian oil

MMC's 55 per cent-owned subsidiary, MMC Gas Sendi-

rian Berhad, is to undertake the pipeline contract, with

GMT Entrepose of France and

Mannessmann Aktiengesells-

The consortium won the con-

chaft of West Germany.

corporation.

immediately responded but they are unlikely to object to the main proposals. The 13-nation paper could well form the basis for deci-sions by trade ministers when they meet in Montreal in December to review progress in the Uruguay Round. Gatt's mechanism for resolv-

ing trade squabbles has come under fire most frequently in the US Congress.

Under the 13-nation propos-als, possibilities for shilly-shallying by the country accused would be curbed. The Gatt council would have to estab-lish a disputes panel at the meeting immediately following the one at which a complaint

had been submitted. Gatt's director-general would appoint the members of the panel, if the parties to the dispute had not agreed on its composition within 20 days.

A single panel could investi-gate complaints from more than one member, if they are related to the same issue.

As a general rule, a panel should not take more than six months to file its report, the 18 nations suggest. In urgent cases it should report within three months. The proposal also tightens

procedures for monitoring compliance with a Gatt report and for countries to claim comLomé countries full of angst over 1992

Tim Dickson on the opening tomorrow of talks aimed at reaching a new convention

T AKE CHOCOLATE, said the Nigerian ambassa-dor pointedly. "Coun-tries like France and Belgium at the moment insist on pure

most crucial negotiation since we entered this relationship with the KC," Mr Edwin Car-rington, ACP Sec-retary-General, said recently with the internal market pro-gramme and the multilateral

trade talks firmly in mind. The Lomé Conventions, suc-cessors to the old Arusha and Yaounde agreements which

The current Lomé convention runs out in 1990

were named respectively after a town in Tanzania and the capital of the Cameroon, have since 1976 governed the trade and aid relations between the BC and a group of developing countries, many of which are former colonies of the member-

The ACP bloc is heavily concentrated on Africa - all sub-Saharan countries are mem bers except South Africa and Namibla - but it also takes in 12 Caribbean nations and eight in the Pacific.

The current Convention which runs out at the end of February 1990 provides a total aid and soft loan package of Ecua.5bn (\$5.5bn) for the ACP recipients, along with free access for ACP industrial imports and virtually free entry for their agricultural

expected to last the best part of 12 to 18 months. Wa are facing probably the most crucial negotiation since Development Fund, and is dis-tinct from the food aid programme for developing coun-tries paid out of the EC's itoral budget.

At this stage no one is even speculating about the size of a successor to Lome III. What is clear is that while memberstates do not envisage a quantom less in support, some sort of increase in the amount of aid will be politically inescap-

Besides compensation for any 1992 and Uruguay Round sethacks, the ACP will be pointing out that despite 25 years of preferential treatment, not one of its members has climbed into the league of new-ly-industrialising economies and that more emphasis must in future be placed on help with the processing at home of their own raw materials.

The delicacy of some of the issues has been illustrated by avoiding the embarrassment of Foreign Ministers having to negotiations tomorrow morn-- but the Community's own internal deliberations mirror many of the problems

which will surface when the talks proper get under nomic adjustment pro-120

While accepting that some change in this direction is not only inevitable but desirable, the ACP bloc is social that extra funds should be made available and conditions on this part of the package should not be imposed. The RC man-date, in line with Britain's wishes, make no reference by way.The se are: • Trade: The EC has been split on roughly a North/South basis on the extent to which new trade concessions are pos-sible. Most ACP agricultural products for which there are still duties and quotes (such as mits, dates and figs) compete with the output of Mediterra-nean farmers - hence the sen-sitivity of the Rallans.

The EC is likely to focus on structural adjustment

chances are that other mem-ber-states will wish to see this as part of the final agreement. • Other: More specific ques-tions include the future of Sta-ber - the shi fund which guar-antees the spricultural export earnings of ACP countries -which could well be reshaped; the possibility of interest rate subsidies for some of the more indebies for some of the more The EC mandate fudges this question but given the ACP's eagerness to expand its proindebted ACP mations (though eagerness to explain its pro-cessing, improvements in the so-called rules of origin are car-tain to be sought. At the moment, many in the EC accept that the definition of what constitutes an ACP prodwhat constitutes an Au part uct is fairly tightly drawn and is not always helpful to the establishment of indigenous. industries.

• Aid: There is general agreement within memberstates that the Community's support should be focused more clearly on so-called structural adjustment — that is to say, away from conven-tional long-term projects and towards the rapid disbursement of aid to help overcome short-term balance of pay-ments difficulties and eco-

Community competence is a hurdle); whether to combine the separate Portuguese sugar quote with the LSm tonnes of sugar which the EC corrently guarantees to buy at European prices; and the geographical coverage of a future Convention. The sensitive issue of whether or not the Dominican Republic and Haiti should be included has been laft open, with Spein still enthusiasti cally in favour and a group of other member-states (led by Britain) worried that this will clear the way for countries in Central America and thereby

dilute the benefits for the existing members of the ACP. Leader, Page 22

Tokyo threatens EC on quotas

By William Dawkins in Brussels

TOKYO is considering a formal complaint to tha General Agreement on Tariffs and Trade if the European Community fails to produce guaran-tees that it will scrap a wide

Japan has given the Euro-pean Commission until late December to get 11 member-states - all EC countries but lenses, forklift trucks and

While Japan's complaint

that these import quotas are discriminatory has been a lin-gering source of tension with the BC for years, Tokyo made it clear at an informal meeting with Commission trade offi-

that it thinks the EC restric-tions are unfair, but as part of the wider Uruguay Round of trade liberalisation talks,

plaint. Officials from both sides admitted the volume of trade involved is not significant, but Japanese diplomats said they attached great political impor-

ual EC governments. Spain is the worst alleged offender, with 41 restrictions, followed by Haly with 36, Portugal with

quote restrictions covered by the dispute. Halian and Portuguese car

and West German banks BANKS from the Soviet Union nov, general manager for the

Joint venture for Soviet

Bank for Foreign Economic Affairs in Zurich. It will advise busine

strengthen Eastern Europe's economic ties to the West. The Bank for Foreign Eco

SF15m capital. So will Donau-Bank , a Vien-

.

capital, while IK Industriekredit of Zurich holds the other

By Wong Sulong in Kuala Lumpur tract against three other inter-national consortia, led respectively by Malaysian companies, Sime Darby, Pernas Construc-tion and the Trengganu State **Economic Corporation.**

pensation.

the weekend, Petronas and MMC said the contract would be signed "by the first week of November."

neering, procurement, con-struction and commissioning of the pipeline.

In an announcement over government's plan to stimu-late domestic demand. The companies are increas ingly planning to open plants abroad, especially in Europe, to manufacture household The contract is for the engiappliances such as TV sets and microwave ovens, so as to avoid protectionist threats.

pan agreement. Sales at Samsung Semicon-ductor and Telecommunications, South Korea's largest producer, sourced 53 per cent in the first half of this year. The resulting high prices and shortages have affected sup-**Malaysian Mining wins** plies to domestic producers of computers and other elec-tronic products, however. The \$150m pipeline contract three main electronics produc

South Korea are expected to show increases of more than 20 per cent over the next year and investment in new produc-tion facilities is speeding up. companies, using only 5 per cent cocca in their ingredients, subsequently move in and flood the European market place?" According to a survey by the Electronics Industries Associaand still hypothetical question posed in the wings of a recent conference in Madrid expresses tion, exports of television sets, video-tape recorders, other household appliances, semi-

conductors and video-tape reached \$40m in the first six months of the year.

S Korean

electronics

exports to

By Maggie Ford in Secul

ELECTRONICS exports from

rise 20%

Exports for the second half are estimated at \$7.5hn, an 18 per cent rise on the same period last year, with a further rise of 21 per cent projected for the first half of next year.

The forecasts follow an announcement by GoldStar, the country's second largest electronics company, that it is planning to invest \$2.5m in a new semiconductor plant. The first stage of the project is to be completed in 1991 at a cost of \$550m and will manufacture

a range of semiconductors including 4megabit D-Bans. Exports of semiconductors the trade preferences the ACP currently enjoys with the Com-munity could also be eroded by from South Korea are expected to reach \$1.3bn in the first half of next year, an increase of 25 per cent over the same period of this year. South Korean

companies have benefited from the world shortage of semicon-ductors following the US-Ja-

ers, Samsung, GoldStar and

Daewoo are nevertheless expecting turnover to rise by between 25 and 30 per cent maxt year, mainly through export growth and diversifica-tion but also because of the

baman

range of national import restrictions, Japanese officials said yesternay.

Britain - to agree to phase out 131 nationally imposed quota restrictions on 107 products ranging from cars imported to Italy and Portugal to camera

cials last month that it now wants to bring the matter to a head. Japan notified Gait in July

rather than a specific com-

the EC's initial inability to agree on a common negotiating mandate for the forthcoming talks. The Community's ambassadors managed to paper over the cracks at a meeting in Brussels late last week - thus

hold their own last-minute ing

tance to the restrictions at a time when Tokyo was trying to build its economic links with the EC.

A Commission official said yesterday that Japan's com-plaints would be taken up with member-states. These talks only cover quota restrictions officially sanctioned by individ-

23 and France with 17. Britain is the only EC member with no

and West Germany have jointly founded the first finance company to combine capital from Eastern and West-

capital from Eastern and West-ern Europe, a Soviet banking official said yesterday, Router reports from Zurich. In the deal, the Soviet Union's Bank for Forsign Eco-nomic Affairs and West Ger-many's Landesbank Rhein-land-Pfais teem up to form a Zurich-head commony named

Zurich-based company, named Eurasco Zuerich. It will focus on trade financ ing and loan syndication, but will also conduct other business, including securities trading, said Mr Vladimir Goriou-

East-West trade in a bid to

nomic Affairs will hold SFr1.5m of the company's

ma-based bank jointly owned by the State Bank of the Soviet Union and the Bank for Foreign Economic Affairs. The Landesbank owns SFrim of the

SFrim stake.







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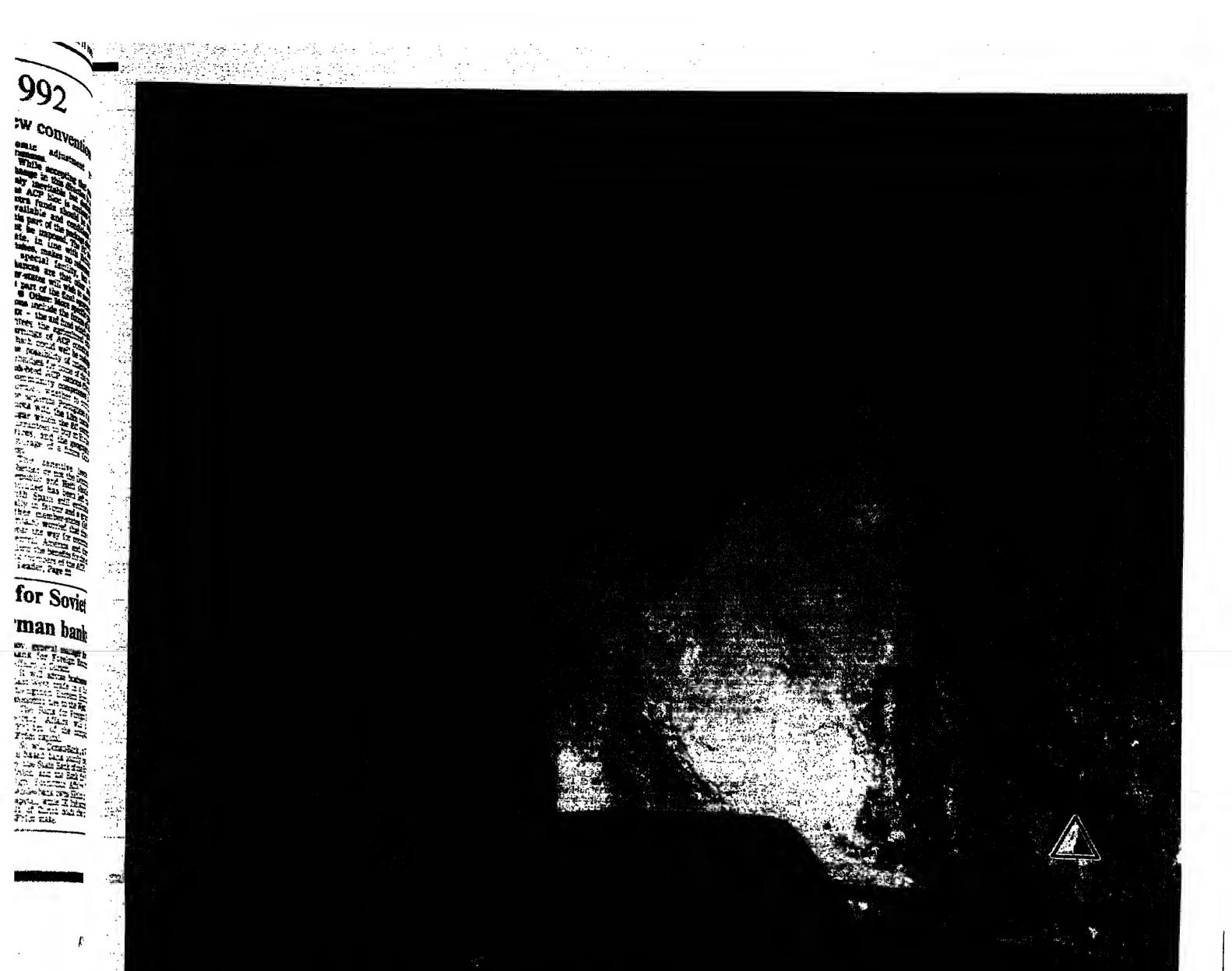
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WHO BUT BMW COULD BUILD A CAR WITH II SILENCERS?

Noise can be dangerous. Inside a car, as well as outside At 80 decibels, experts say, it can even hurt people. Which means that in some cars, people

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are actually getting hurt. Though not, of course, in the BMW 730i A car so quiet, it had to be made louder. (Early tests showed that at low speeds, some drivers could not detect whether the engine was running.)

Such quietness emanates, or rather doesn't, from BMW's 3-litre engine. Which in its materials and design alone, accounts for two of the 730i's eleven silencers.

Its block successfully blocks the escape of sound. (It is made from austenitic iron, which

has a noise-absorbing crystalline structure.) While the in-line, 6-cylinder configuration ensures perfect balance.

Fluid-filled engine mountings soak up even the faintest tremor.

And under the bonnet an acoustically contoured moulding blankets the engine, smothering any discordant note.

Even the silencer is silenced. It reflects the waves of sound back upon themselves till they're literally exhausted.

And bushed. The exhaust system is flexibly mounted at no fewer than five points.

There are no creaks and groans, thanks to a bodyshell 50% more dynamically rigid than its predecessor. And it cleaves the air with nary a

murmur, courtesy of a shape so efficient its coefficient is less than 0.32.

The windows too play their part: they act as though double-glazed.

Close them and a rubber lip presses itself, leech-like, against the glass.

No sound passes when one's lips are sealed. Even so, 134lbs of sound insulation cocoons the cabin. (The carpet underlay alone is 1" thick.)

And acoustic decoupling of running gear from body means you ride in splendid isolation.

Infact, the BMW 730 is silence is so pervasive, it affects the people around it. Turn up in one, and see how your friends go quiet.



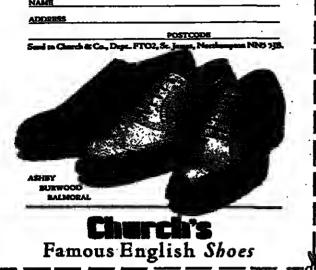
THE BMW 7 SERIES RANGE FROM £23,850 FOR THE 7301 TO £53,750 FOR THE 7501L. 7301 SHOWN ABOVE WITH OPTIONAL CROSS-SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS SPOKED ALLOY WHEELS AND METALLIC PAINT, PRICES, CORRECT AT TIME DF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. INCLUSIVE DELIVERY CHARGE. INCORPORATING BMW EMBERS, EXPLICE, £233 PLUS VAT, ALL CURRENT MODELS (EXCEPT THE M CARS) CAN TAKE UNLEADED PETROL WITH NO MODIFICATION FILE, WRITE TO BMW INFORMATION SERVICE, PO BOX 46. HOUNSLOW, MIDDX OR TEL. D1-897 6665 (LITERATURE REQUESTS ONLY). FOR TAX-FREE SALES, TEL: D1-629 9277.

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Government urged to exercise caution over the economy

Tories assemble to sound of inflation fears

By Peter Riddell, Political Editor, in Brighton

THE GOVERNMENT was last night urged to take a cantious attitude towards the economy by two former Chief Secre-taries to the Treasury as talks about next year's public spend-ing plans entered a crucial phase. These comments were made attended to take a cantious the Chancellor of the Exche-quer, to leave his present post after another budget and possi-bly become a "robust" Foreign Secretary, who would not be a puppet of the Foreign Office. These comments were made

The warnings about the need for fiscal prudence in view of the rise in inflation came from as Conservative local represen-tatives assembled in the south coast resort of Brighton for the Mr John Biffen, who was start of the party's annual consacked from the cabinet in June 1987, and Mr Leon Britference this morning. The main public attention,

however, was on the party's, return to the town for the first time since the IRA bombing of the Grand Hotel in 1964 when tan, shortly to become a European Commissioner. Mr Biffen was particularly critical of the tax cuts last March and said that to control five people were killed. Mrs Maragret Thatcher, Party leader, arrived at the Grand last night amid a blaze the expansion of credit the Government should act now by curtailing the present tax relief on mortgage interest payof television cameras and pho-tographers' lights, saying she was giad to be back. She and

He argued that action should be taken as the Tories could not regain the initiative in economic policy until the rate of inflation was well below the current level.

By Raymond Snoddy

The security for this year's He also said it was in the conference is unusually tight

by terrorists.

other senior ministers said their return showed they

would not be bullied or cowed

with a heavy police presence. Other measures included a minesweeper offshore, and repeated checks for anyone seeking access to the conference complex.

UK NEWS

ence complex. Behind the scenes, the main talking point among ministers is the delicate stage of discus-sions about public spending between Whitehall depart-ments and the Treasury. Mr John Major, Chief Secre-tary to the Treasury, will hold talks with ministers in Brigh-ton during the week. These dis-

ton during the week. These dis-cussions will determine the extent to which the Cabinet arbitration committee chaired by Mr Cecil Parkinson, the

Energy Secretary, must be brought into play. This is now a probability with the budgets of half a dozen departments still to be agreed. Mr Brittan, the Chief Secre-tary responsible for public

spending from 1981 to 1983, said last night in Cardiff that in view of the need to curb the inflationary trend, the Govern-

Television policy puts pressure on ITV to cut costs

ment must keep to existing public spending plans and not yield to pless from those who think increased tax revenue justifies increased spending.

that there would have been such a large trade deficit. How-ever, Mr Lawson on Sinday defended his last Budget. "If the markets are to con-time to have confidence in the Government's anti-inflation resolve, a firm refusal to boost public spending is absolutely essential," Mr Brittan said.

He argued that if hopes that high interest rates and firm public expenditure would do the trick by next spring proved to be over-optimistic, then the Chancellor should not besitate "to take direct action to curb consumer credit."

Discussing the scope for tax cuts he argued fiscal prodence must come first. Foregoing tax cuts may sometimes be the wise course to follow." Mr Biffen, Chief Secretary

the executive committee of the National Union which organ-ises the conference, defended from 1979 to 1981, repeated in a speech in Britain and in a tele-vision interview his concern the decision not to have a debate on Northern Ineland, which he did not think was a that the economy was overheated and the tax cuts in the matter of great interest. spring, against which he voted.

Lloyds Bank to fight ruling over equal pay at the time, were mistaken. He said Mr Lawson could not

have proposed tax cuts of such a magnitude if he had believed LEOYDS BANK is to chalk the findings of an independ a magnitude if he had believed inflation would have risen and ingent appointed by an independent trial tribunal in a baltle over equal pay for equal value which could have implications for effice workers throughout Britishe.

Mr Biffen will annoy fellow Tories by proposing changes in mortgage but relief, since this relief is regarded as sacrosanct by Mrs Thatcher.

Britain. Seven secretaries and taplais. have been fighting for more than two years to have their subries increased to the levels carned by bank measurgers who they counder are doing work of similar value. The Lords Bark Carnitsheff

vative Party chairman, last night said the main concerns of rank and file Tories were law and order, and planning. The Lioyds Bank Group Staff Union, which is backing them, sees the tribunal as a test case and the environment. These two subjects will be debuted not only for the more than 3,000 secretaries and typists employed by the lamk but also for elected workers in other Sir Peter Lane, chairman et

minanies. The tribunal sppointed expert found that secretaries on salaries of a minimum of on salaries of a minimum of 26,831, 25,861 and 27,645 were-performing work of equal value to senior messenger managers on at least 28,299. Clerk typists certaing less than 28,090 should be com-pared with senior deputy head messengers on at least 210,899, the independent expert found. Lioyds said yesterday it would be challenging the find-ings, when the tribunal appeares the expert's option at es the expert s opinion at its next meeting in February. "We are confident about the points we want to make " it en Ci

and. A protested battle can be expected. Should Lloyds lose, the sound cost to the bank could be more than £3m, according to the union.

The minute case is thought be one of the most expensive in equal pay law history. The union, which is being backed by the Equal Opportunities Commission, estimates it will spend more than £100,000 and that the the bank could face a

that the the bank could face a bill of more than 5500,000. Minim Foundates the milon's general secretary, said he thought the mator's champion-hig: of the case that already played a part in winning equal terms of conditions for

APPLICANTS for future commercial television in the UK will not have to own stu-MASSIVE G-DAY AUCTION MR RUPERT MURDOCH, dios or employ large produc-tion staffs, the Government has decided. Note Auton Sent 7 am day, Non-Sz. Brantford, Ontario, Canada OCT. 24-25-26-27-28-29 The white, or policy, paper on the future of broadcasting which is due to be published in the middle of November, will 10,000 LOTS: Most Major Equipt. Purchased New in Late 70s and Early 80s CONTRACTOR OF THE ANALYSIC STRUCTURE CONTRACTOR A Matching Contrar 4 MC Scape Inter Matter/Spirit Contrar 4 MC Scape Inter Matter/Spirit Contrar 4 MC Scape Inter Contractor 2 Matching Contractor Contractor 4 Marcel 2 Mont States - Guident Chin Contractor 4 Mills Engine & Trant Labora - Guident Gas Matching + State 3 Marcel Bitschop + Dat Present, Homen, dir. 4 Labora - Bitschop + Dat Present, Homen, dir. 4 Labora - Bitschop + Dat Present, Homen, dir. 4 Labora - Guident Empirit, - Thomands of Labora (Jacobia, Taritta) Spirit The Found make it clear franchise holders will have the right to be "pub-lishers" who can commission or buy their programmes from writes. the independent production sector. The aim is to encourage a move away from fully-inte-3 Complete Remotury Electronistic Auto ys. • Michael Rose-Statuster Alber Wei grated production companies Andred Rose States De Testa, Under . Line who sell advertising and make most of their own programmes For Brochure & Information, Contact and instead promote more Rouse sonsine internal competition in the commercial television indus-The financial implications

are far-reaching, although the existing Independent Television (ITV) companies will not be forced to give up their stu-dios or large staffs. The pres-sure on major ITV companies to reduce costs and move

the American-Australian publisher, yeaterday backed down on his claim that he would offer the British public four channels of advertising-financed television all for a single payment of £199 for satallite receiving equip-

towards using a higher propor-tion of independent producers will be immediate.

Unless savings are made during the next few years, ITV, companies might find it difficult to compete for tenders against newcomers to the television industry who might commission programmes on

from next July, just over PAL. At the same time Mr Alan Sugar, chairman of four months after the launch of Sky Television. A Amstrad Consumer Elecsecond channel, Eurosport, tronics promised to prohe said, might also be duce hasic receiving equipincluded in a subscription ment which would have a package at the same price. retail price of £199. The announcement involves a sharp change of direction for Mr Murdoch

who made worldwide headlines in June when he said he would launch four channels of "free" television on the Luxembourg satellite Astra in February 1989 and do it using the existing transmission standard

the open market. The idea of ITV franchise holders as publishers rather than staff producers was put forward as an option by the Independent Broadcasting Authority in a policy document in April.

The Government has been keen to encourage the growth

of the independent production industry and has made it clear. it wants to see independents with access to 25 per cent of Britain's four national televi-

don cham Meanwhile, the Governm appears to have modified a-clause in the white paper, which would have removed.

They were unhappy that Sky Television wanted to buy only the UK rights to The "free" channel policy appeared to stand in stark films even though they would be openly transmitcontrast to the rival satellite television plans of Brit-ish Satellite Broadcasting ted across all of Western Europe. Now the film channel is to be encrypted so that: only those who have the which intends to charge around £10 a month for its film channel although Mr correct decoder and pay the monthly subscription Murdoch always made it clear he would probably will be shie to watch move to subscription in the state of the

Mr Peter Brooke, the Conser

comorrow afternoon.

Mr Murdoch Conce

yesterday that the main

reason for the change of policy was the opposition

of the Hollywood studios.

any obligation for new fran-chiss holders to take news from Independent Television News. The Government still appears to be committed to encouraging committed to encouraging committed in commercial news, but will sty to ensure any competing news service can offer a truly national quality service

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in part-time workers, many of whom are workers, many of whom are women, with full-timers, and persuading Lloyds he hanks start below managerial grade

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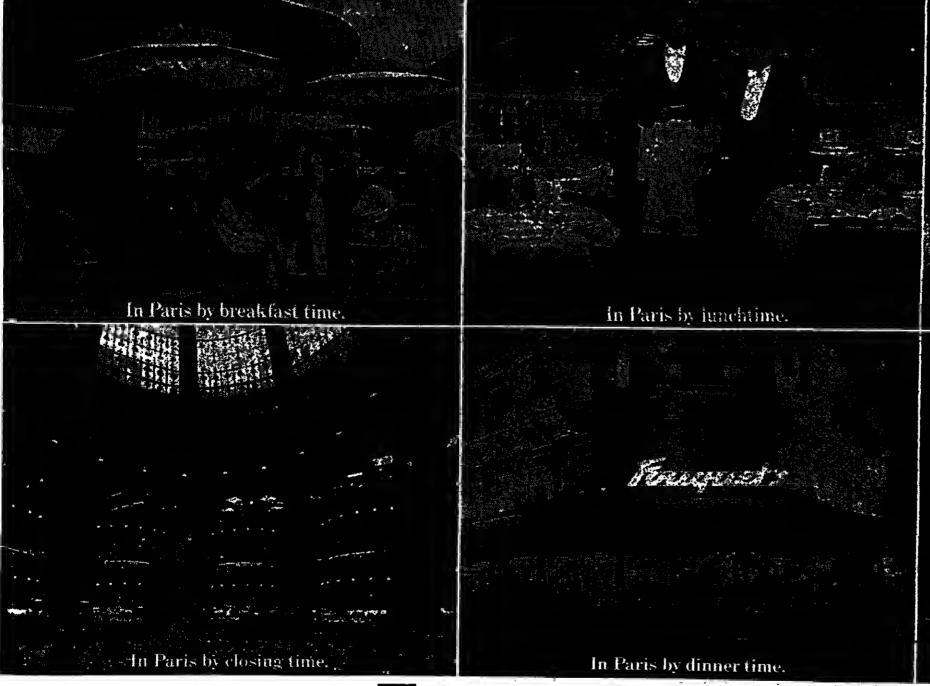
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ment, Raymond Snoddy The News International chief executive admitted at a London press conference that one of the channels, Sky Movies, would become a subscription channel





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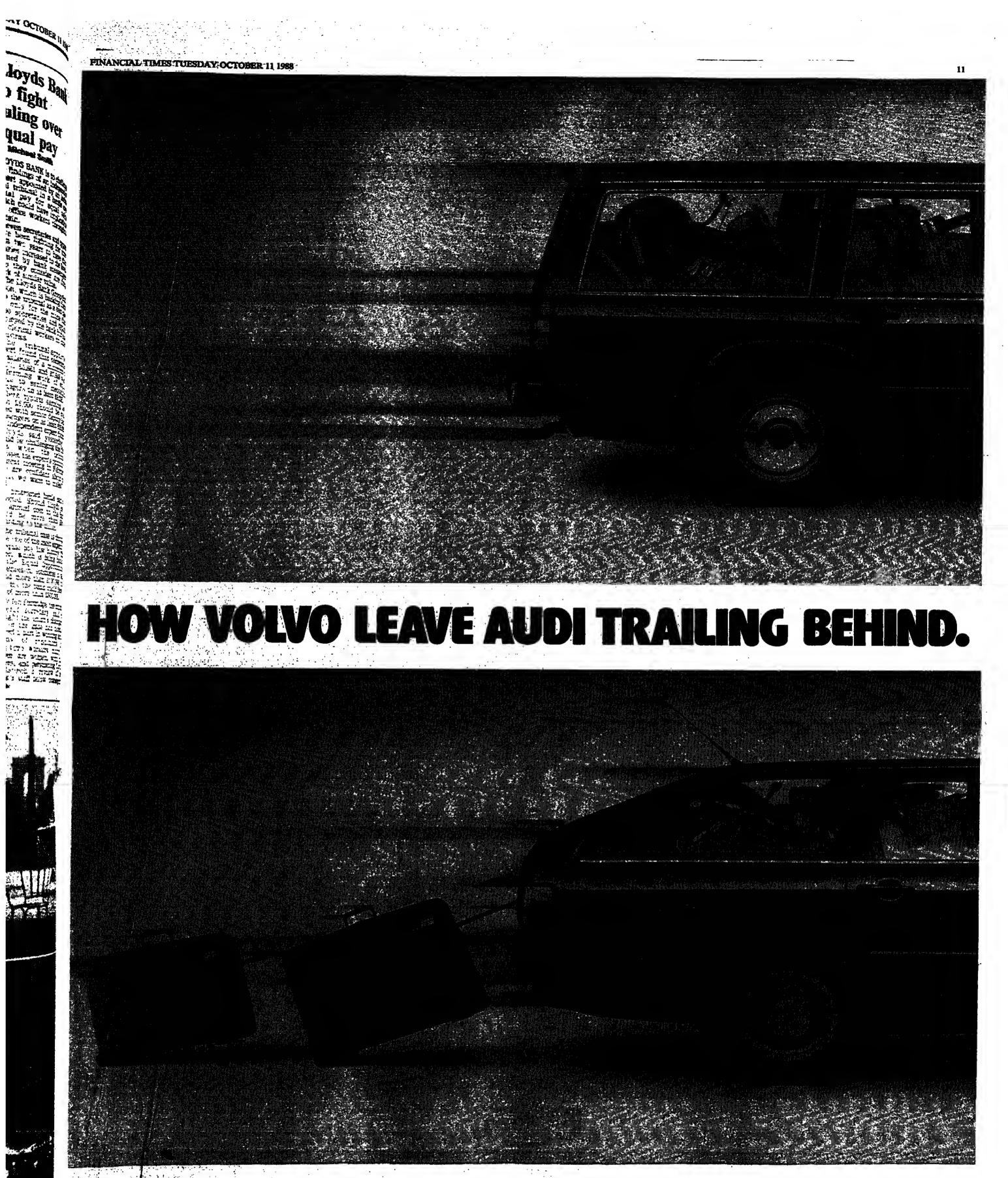
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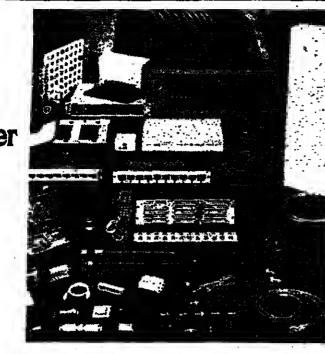
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By Alice Revelhorn

IN THEIR heyday women fought for them in the streets. But in the miniskirted years of the swinging 1960s they no longer seemed so seductive. Now, in the late 1980s, the nylon stocking has returned. The revival of nylons is the work of

The revival of nylons is the work of the marketing managers at Pretty Polly, one of the largest hosiery compa-nies in Europe and subsidiary of BTR, the UK-hased conglomerate. Pretty Polly's new nylons will - or so the managers hope - appeal to the daughters and grand-daughters of the women who fought for nylon stockings in the 1950s and forsook them for tights in the next decade. The story of nylons begins 58 years

The story of nyious begins 58 years ago in the US, when scientisis at Du Pout, the US chemicals group, discovront, the OS casemicals group, alsov-ered nyion, the first truly man-made fibre. The discovery was the result of a \$77m investment by Dn Pont and 11 years of laboratory research led by Mr Wallace Carothers, a young Harvard chemist.

Mr Carothers fell prey to his faur that Du Pont would withdraw its sup-port before his research was finished and committed suicide in 1837. Three weeks later, the nylon patent was filed.

Du Pont presented its new fibre, and the run resistant stockings it produced, at the New York World Fair in 1939. For the women of the 1930s, who had put up with ancomfortable cotion and silk stockings for years, nylons were a modern miracle. When the first nylons went on sale, customers were rationed to three pairs each.

During the Second World War all Du Font's tylon output was devoted to rollitary use. Weakhy women bought nylons at extortionate prices on the black market. The less fortunate were reduced to staining their legs with Camp coffee and pencilling seams with camp roughe evebrow pencils.

When the women of Tulsa, Okla-homa, were asked what they missed most during the war, one third said

men and two-thirds said nylons. Nylons returned to US shops after the war and the "nylon riots" hit the streets. Macey's, the New York store, sold 50,600 pairs of stockings within six hours.

But nylous were still in short supply in post-war Europe. Women were barn between succumbing to the charms - and the nylon stockings - of Ameri-can GIs; or contemplating a clear con-science over a bottle of Camp coffee.

Sales of nylons boomed with the introduction of seamless stockings in the 1950s. But in the 1960s, when mini-skirts became fashionable, women turned to a new invention - tights. The new tights were made from uplos fibre, but the word "nyloss" was dropped as the rails of a bygone ago.

Stockings have staged a comeback in the 1980s and shear hostery has become

fashionable again. Enter the Pretty Polly marketing managers and their research which

shows young women of the late 1980e associate "nylons" not with wrinkly ankles and the unwolcome advances of American troops, but with the Holly-wood glamour of Lauren Backl. The marketing managers decided to hundh a new range using the name, Protiy Polly Nylons.

The revival of nylons is, say the man-being managers, more than simply die revival of an old name. The nylon fibre used in Pretty Polly Nylons is pre-cessed in a novel way. The company has invested 2250,000 in technical development and new production

As befits a product launch of the late 1980s, Pretty Polly is spending fillow on advertising its new Nylons in the UK and the Irich Republic.

The television commercial features a model bearing more than a passing resemblance to Lauren Bacall and a photograph of Bir Wallace Carothen the ill-fated chemist who started it all

Bidders prepare for schools contract

By David Thomas, Education Correspondent

ing groups, university and edu-cational research bodies and educational publishers. Sur-ABOUT 100 organisations have expressed interest in bidding for a contract to supply a new nationwide system of tests for schoolchildren. The tests potentially represents one of the biggest educational publishing contracts in years. Organisations which appear likely to hid, include examin-

prisingly, some large commer-cial companies with their own training wings have also shown initial interest.

The tests will be given to seven-year-olds in mathemat-ics, science, English and Welsh

and possibly design and tech-

nology, in 1991. The plan is to develop a bank of tasks, which will be written, oral, practical and graphic, to assess the sevenyear-olds. The tasks will be common across the whole country, but schools may choose from within the bank.

Clowes report expected this week

By Clive Wolman

THE REPORT into the Government's responsibility for the collapse of the Barlow Clowes investment empire, which has been written by Sir Godfray Le Quesne, is likely to be presented on Thursday.

The report is expected to be accompanied by a stateme from Lord Young, the Trade and Industry Secretary, whose department licensed Barlow Clowes' UK operations, Lord Young, who received the report a month ago, will explain the Government's response.

The Government has yet to decide whether to offer compensation to investors in the 52m UK fund, whose losses in any case are likely to be small or negligible.

at record rate as material costs drop By Ralph Alidne, Economics Staff The mentily fall was larger than expected by most finan-cial analysts in Loudon. This encouraged optimism about the index of manufacturers' prices in couring months. Mr Richard Jeffrey, econo-mist at floate Govett, UK stockhrokers, taid. "As next year develops we should see it fall back as tighter monetary policy and greath competitive influences from startling's appreciation begin to show through." MANUFACTURERS' prices

through."

Factory prices rise

rose at the fastest annual rate. for nearly three years in Sep-tember, while the cost of fuel and raw materials fell, accord-ing to official figures yester-

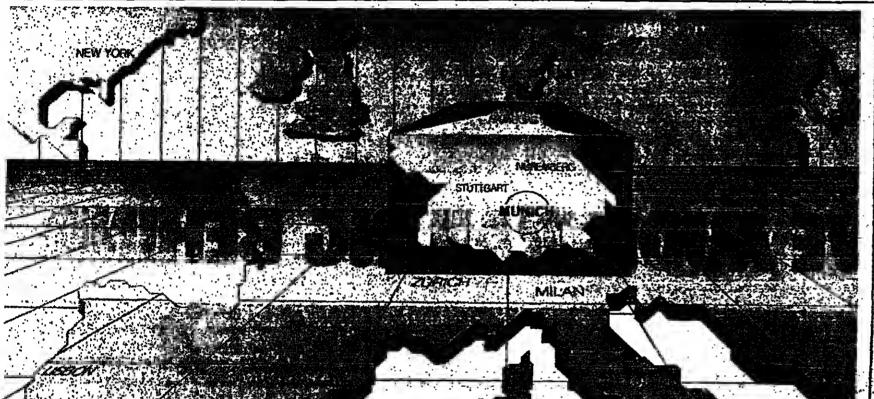
day. The figures provided mixed signals about the UK inflation outlook which continues to worry financial markets. The retail price index published on Friday is expected to show the annual inflation approaching 6 per cent.

The Department of Trade and Industry's (DTD) index of The DTI said the decline in naterial and facily prices reflected lower prices for met-als and petroleum products. After adjustment far normal seasonal variations, the price of materials and facily pur-chased by the meanfacturing industry selling det pet cent in September. and industry's (DTI) index of output prices rose by 0.4 per cant last month. This pushed the annual rate of increase to 5.0 per cent – the highest since December 1985 – compared-with less than 4 per cent at the beginning of the year. The rise almost certainly reflected increased, profit man-gins as manufacturers, took advantage of strong accounts

advantage of strong economic growth. Upward pressure is, likely to have been increased by the lagged effect of fuel and material price rises earlier this:

year. Officiality these factors has -been the effect of the strong pound. This has intensified competition from consistent intenglacity or a bould when have checked for a book of the

September The index of output prices - suchains, bod, which hands to show less volatile move-ments - shows the rise in the rate of price increases since the beginning of the year has modest. In damatry and body ware the set and an all rise of price increases since the beginning of the year has modest. In damatry and body ware the set and an all rise of the set and an all rise of the set and the set all the set cent, in setter-all the set and the set and the set and the set and all a to Tiget H?



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outhern Germany is one of Europe's fastest Ogrowing regions, its economy fueled primarily by enormous progress in advanced technologyrelated industries and services.

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IN THE FINEST ROYAL TRADITION



Of more critical importance will be whether the Government offers any compensation to the 11,000 investors who paid in more than £100m to the offshore, Gibraltar-based fund They are in danger of losing up to 50 per cent of their original

investment A group of Barlow Clowes investors has started to lobby Tory MPs and delegates at the party conference in Brighton this week. Its leaflet blames the Government for negligence in approving the operation. Mrs Margaret Thatcher, the Prime Minister, has told a Labour MP that there will no cover-up in investigating the causes of the collapse. Mr Alf Dubs, the Manchester MP, one of whose constituents Mr Leslie Mullard had invested.

air iteshe sumaru nad myesodd 255,000 with Barlow Clowes, yesterday released the text of a letter sent to him by Mirs Thatcher. In it she says "I am yery much awars of the deeply distressing concern felt by Mr. Mullard and others who invested in the Barlow Clowes, group of companies and that is why I am determined to see that a full inquiry is made."

increase in the we

By Joel Kibezo

of fuel and raw insterials bought by the manufacturing industry fell by 0.5 per cert in September. The annual rate of increase was 3.2 per cent, unchanged from August. 100 8

August. The unadjusted imput prices index was at 98.1 (1985) 100) against 98.6 in August. The seasonally-adjusted index was at 99.4 age

BAe wins £100m deal to maintain US bombers

By Michael Donne, Aerospace Correspondent

BRITISH Aerospace has won a further contract from the US Air Force, expected to be worth more than £100m up to late 1998, for the continued refur-histment and maintenance of F-111 fighter-bomber aircraft

The contract was agreed last week with the US Air Force Logistics Command at Sacra-mento, California.

BAs will carry but the main-tenance work at its factory in Filton, man Bristol

The deal covers a pro-gramme including avionics, modification and structural intigue testing on the F-111E and F-111F fleets of ancraft sta-

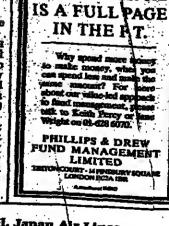
tioned at the US air force bases at Upper Keyfund. Onfordshire, and Lakedpeath, Sufjolk. More thin 150 sircraft are scheduled for the overhauls, between October this year and September, 1998. The precise number and work content will depend, how-ever, on the evolution of the air force's own maintenance planning, which is updated annially.

planning, which is updated annially. For the same reason, the overall value of the contract is not specified but is estimated by BAO at well in excess of. Libba, taking into account the new tasks and other work involved.

OUR OTHER AD

Tractor registrations rise TRACTOR registrations in the first nine months of this year were up 16.7 per cent on the same period last year accordonly one to show a decline with a drop of 144 per cent. The society says this is a reflection of the poor cereal harvests over the last two many in that ways this arriver ing to the Agricultural Engi-neers Association. The association said yesteryears in that area. The society says the underlying demand for tractors is still strong with UK sales likely to exceed 21,500 the association and yester-day that the main demend this year had come from the dairy and livestock sectors. Registrations showed the units this year.

However, figures for the last quarter of the year are not expected to reach the 29 per cent increase achieved in the last quarter of 1987. An annual rise in excess of 10 per cent is biggest increase in the western part of Britain, with Wales recording an increase of 51 per cent on last year, and the south-west a rise of 34 per cent. The Eastern region was the CEO



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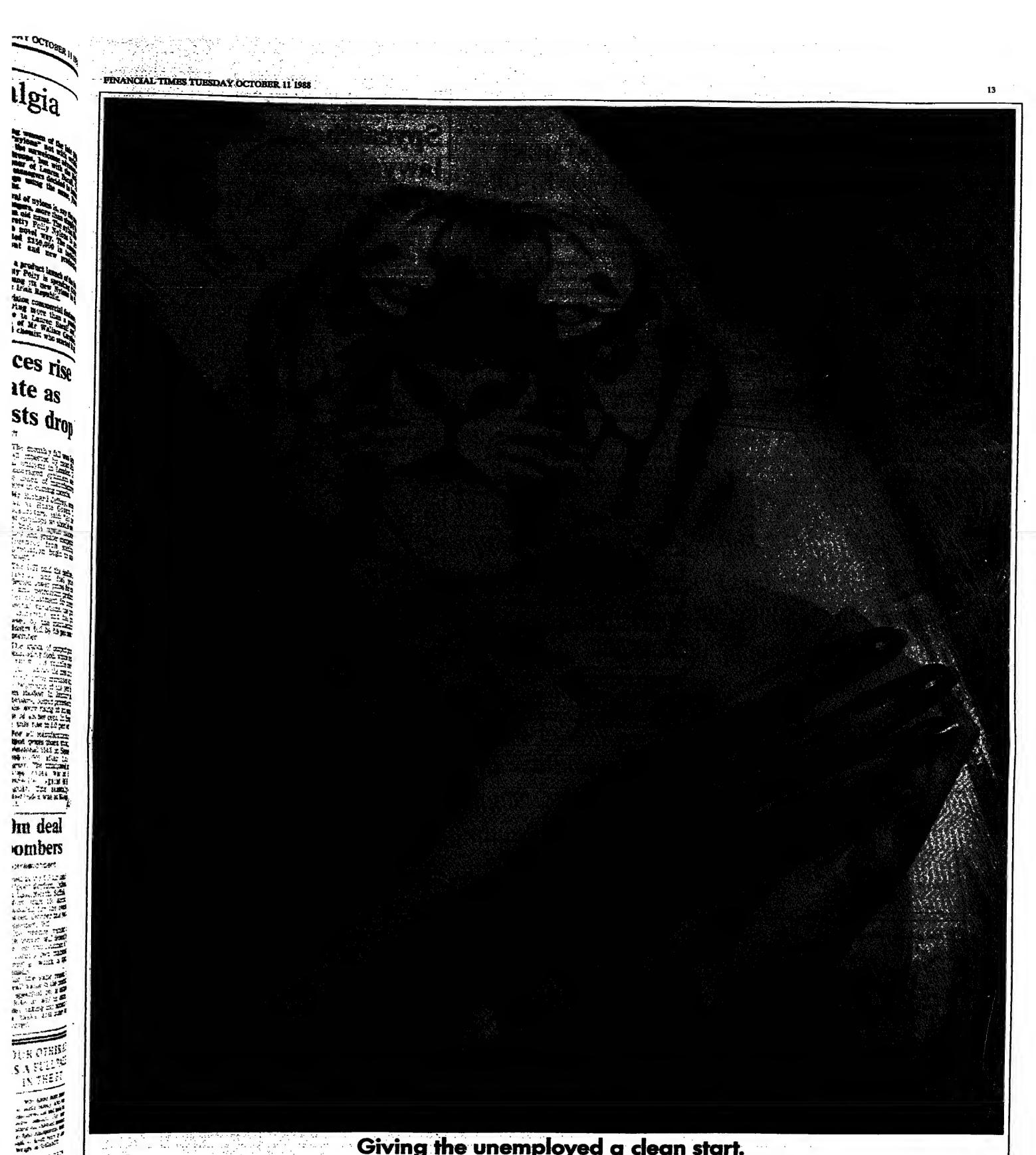
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But for 15 years now, Project Fullemploy- the multiethnic community and business-based organisation-has been helping young men and women overcome these odds. Esso has supported Project Fullemploy for much of this time, at centres all over the country.

. . . .

- 72

In Bristol, for instance, one of their successes is

Jackie Wilson, 21. She now runs her own office cleaning company called Clean Start.

When she joined one of Project Fullemploy's selfemployment training courses, Jackie knew what she wanted. But not how to achieve it. Twelve weeks later she'd written the best business plan on her course.

It won her new confidence, the support of the local



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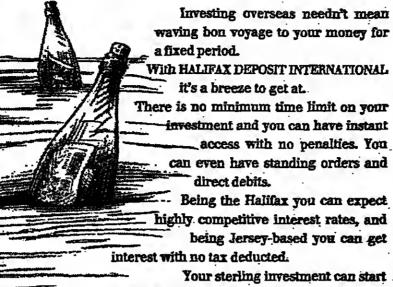
bank manager, and an Esso Self-Employment Award of hard cash.

Now Esso is providing 1,000 bursaries to enable Project Fullemploy trainees in 5 major cities to take relevant training courses with The Open College.

Project Fullemploy's central office is at 102 Park Village East, London NW1 3SP (Tel: 01-387 1222). Get in touch and they'll tell you how to help young adults shine.



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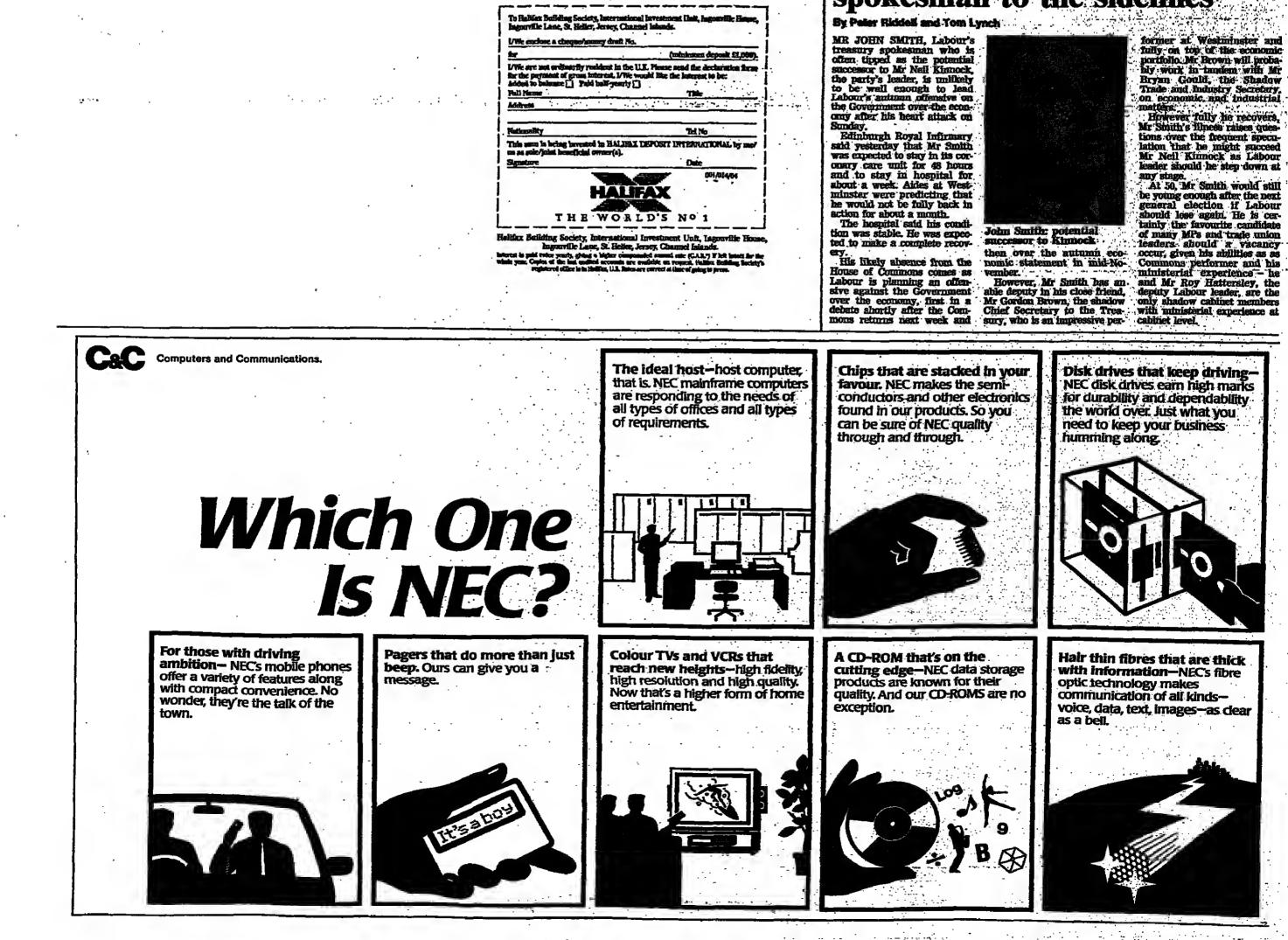
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Spycatcher trial lawyer attacks 'repressive UK'

By Richard Donkin

MR MALCOLM TURNBULL, the 33-year-old lawyar who defended Mr Peter Wright, the former MIS officer, when the British Government attempted to prevent the publication of his memoirs in Australia, said yesterday that Britain was becoming a langhing stock in the eyes of the world over its attitudes to freedom of speech. Mr Turnboll said his appear-Mr Turnbull said his appear-ance in Loadon to publicise the launch of his book. The Spy-catcher Trial, had not inten-tionally been arranged in the same week that the Law Lords give their final judgment in the battle to stop newspapers pub-lishing extracts from the Spy-catcher memoirs. after three Court of Appeal judges in February unani-mously upheld a High Court decision that the injunctions should not be made perma-Ms Helen Fraser, publisher at Heinemann's, said. "If the newspapers are allowed to pub-lish their extracts we will take catcher memoirs.

He was, however, making life accutely embarrassing for legal advice over whether we could publish have. Lexpect the judgment to be multi-faceted the Government in the lead-up to the Conservative Party con-ference in Brighton next week. "The attitude to freedom of speech in this country has hardened to the point where Britain is becoming a laughing and it will need some studying stock in the outside world," he

said. said. Government policy on offi-cial secrecy was about "super-ficial secrecy", claimed Mr Turnhull. The time had come, he said, when Britain needed to fall in with its most impor-tant ally, the US, and adopt a policy which allowed former intelligence officers to submit any proposed publications for weithing by their former submit. SIT Patrick Maynew, the Attorney-General, has given a warning that a declaion to uphold the previous court deci-sions could create an "open season" for breaches of confi-dentiality by members of the vetting by their former employ-

He described the forthcom-ing Official Secrets Act as a "dreadful retrograde step". Instead of being the bastion of free speech, Britain will become the most repressive democracy in the Western World," he said.

setback By Peter Montagnon, World Trade Editor NET INVISIBLE export Heinemann, the book's pub-Heinemann, the book's pub-lishers, said any decision to publish Spycatcher in Britain rested on examination of the Law Lord's definitive decision on Thursday on whether the temporary injunctions prevent-ing the publication of extracts from the book in the Observer, the Guardian and The Sunday Times should be permanent. The case was taken by the Government to the Law Lords after three Court of Appeal earnings by the private sector are likely to fall sharply to around £12bn this year from £13.6bn in 1987, Mr Richard Mason, Executive Director of

Invisible

earnings

face £1.6bn

FINANCIAL TIMES TUESDAY OCTOBER 11 1988

UK NEWS

the invisible Exports Council (BIEC) told its annual meeting esterday. Much of the fall would he due to a fresh deterioration in the tourism account, the deficit on which nearly doubled to

fibn last year as more Britons took holidays abroad. Although the BIEC annual report shows continued modest growth of \$543m in net private sector invisible earnings last year, the most significant con-

year, the most against the tribution came from higher investment earnings which increased by £315m to £6.4bn. Net earnings from traded services grew by only £228m to £7.2bm.

Overseas - earnings of banks vere affected by their large Mrs. Spycatcher has already made Mr Wright a millionshre with-an estimated 2m sales world-wide in hardback and paper-back. Heinemann estimate that 50,600 hardback and 70,000 paperback copies had made their way into Britain from abroad. provisions on developing coun-try debt last year, while ship-ping and aviation also put in worse performances, partly due

to exchange rate movements. These particularly affected sectors in which income was mainly in dollars, but which were converted to sterling to Sir Patrick Mayhew, the

were converted to stering to compile the statistics. The simular report said Britain continued to post the world's largest invisibles sur-plus. Trade in invisibles accounted for nearly half of Britain's trade and 18.6 per. cent of gross pational product. However, Lord Limerick, BIEC chairman, warned against the assumption that invisible earnings could rise continuelly to balance the dete-rioration in Britain's visible trade balance.

Illness forces Labour treasury spokesman to the sidelines

service work.

security service if the punciple that they had a lifelong obliga-tion not to talk about their jobs

was upheld. A further 10 authors are planning books

about their own or their rela-tives' experiences in security

abroad

UK NEWS

Arts outperform cars in overseas earnings

By Peter Montagnon, World Trade Editor

THE ARTS is now contributing more to Britain's overseas earnings than the motor indus-try, according to an analysis in the British Invisible Exports Council's annual report.

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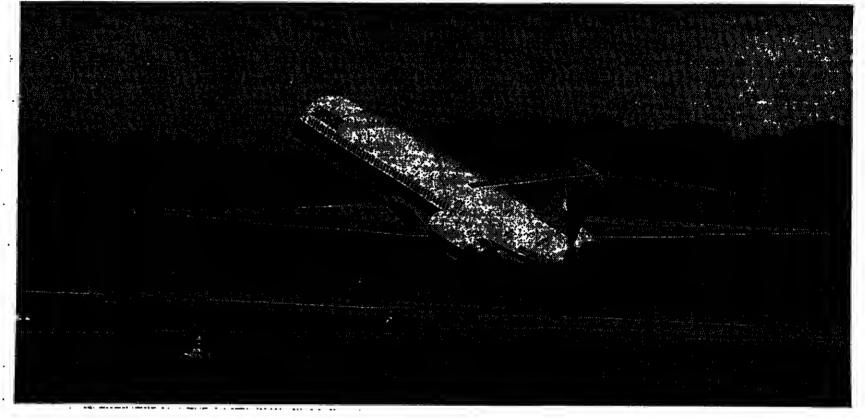
In 1994, the latest year for which figures are aviiable, overseas earnings from the arts amounted to just over £4bn, some £200m more than earnings from motor vehicles and parts the report says. "It makes a case for regard-

ing the arts as a serious inte-grated export sector in its own right," said Mr John Myer-scough of the Policy Studies Insitute who compiled the research. The arts sector directly employs almost 500,000 people and the number is risIncluded in the total are invisible carnings of £3.2bn 5699m estimate of earnings from publishing was regarded as too low by the industry from sectors such as theatrical performances, films and televi-sion sales, broadcasting and elf. Trade in works of art came services such as valuation, shipping and market-making in into the limelight last year with the sale through Chrisworks of art.

tie's of Van Gogh's painting "Sunflowers" for £24.75m to a works or art. The largest single item, how-ever, was what Mr Myerscough described as "cultural tourism" which yielded nearly 21.5bn. Japanese insurance company, In 1964, however, invisible export earnings contributed by marketing services related to the arts trade amounted to Mr Myerscough said this figure was hard to calculate, but had been compiled conservatively on the basis of spending by tourists on specific aris events and stituenting the second s

Other big contributers to overseas earnings from the arts were theatrical perfor-mances, films and television material with £459m, and mosi-cal performance, publishing, recorded and broadcast mate-rial with £554m. It ignored casual visits by tourists to theatres as well as visits to stately homes and was almost certainly understated. Separately, he said that his





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Foresters struggle to repair the ravages of 'The Great Storm' Bridget Bloom on the battle to replant woodlands

and attractions.

I high-banked lane on the edge of a sandy Surrey escarpment, more than 100 tree-trunks are piled higher than a mon than a man.

than a man. Behind the logs, the footpath which leads ultimately to the North Downs is open again, even if much of the landscape around it is unrecognisable. The arching nearonly of The arching panoply of beeches now lies by the roadside while acres of once-prolific woodland are awaiting replanting, maybe this year, probably

next. For Mr John Burgess, owner of some 20 acres of this once heavily-wooded part of Surrey, the shock of the storm, which a year ago this week hurled more than half of his trees to the ground, has passed. Like many owners in the worstaf-fected counties of Hanpshire, Sussex, Surrey and Suffolk, he is determined to replant. But Mr Burges's experience the second second reasury

But Mr Burgess's experience over the last year points up the difficulties which have faced hundreds of owners of small amenity woodlands. The Timber Growers' Association of the UK, one of the many bodies now making their anniversary sement of the great storm; believes these landowners have 1.1.2 1 222 222 been worst affected. Such small, private landown-

6:17 be 1918 ers have, neither the resources _____ nor the expertise to cope with the storm's devastation. What 1993 CA CHERENE 12.1 × 1.22.03 they do now and in the next ent i entre te it few years could matter far ವರ್ಷವರ್ಷ ಮಂದರ್ಶ ಮಂದರ more to the future of many a landscape in the south of England than action by large

On the night of October 15, 1987, a violent gale swept across England in which 80 people were killed or fatally injured, and some 15m trees were torn from the ground. Forests, parks and woodland were devastated. This was the beginning of months of anger and frustration for private landowners as they strug-gle to cope with the effects of disaster.

ference to assess the way for-ward, 70 per cent of the damage occurred to private woodlands with about 20 to 25 per cent on Foresiry Commis-sion property and the rest in parks, hedgerows and urban

Although woodland owners lost an average of 20 per cent of their standing frees, Mr Bar-gess's losses were much higher, partly because his woods are on sandy slopes and caught the full blast of the gales: On October 16 his drive was impassable and the woods a scene of camage reminiscent of a butterfield. It remains the of a battlefield. It proved to be he says, the beginning of months of anger and frustra

None of the more than 53m in government emergency aid was made available for clearing, or for transporting timber, a point much criticised by the parliamentary select commit-tee on agriculture, to which Mr Brunner and articles re evi event - and partly, he believes, because he lobbled anyone he could find - he received £500 from the local received 2500 from the local council and another 5500 from Surrey County Council. This will go some way towards meeting his estimated 27,000 costs - a sum which could have been much higher. Mr Burgess managed to cut

encounter with a young timber merchant from Sbropshire. What happened then was in its own way a triumph for mar-ket forces: Mr Renald Laurie reckons his costs were lower, he and his men were prepared to work longer and harder than the Surrey timber merchants who were asked to ten der, while his expertise in the market meant he has more

than covered his costs. Mr Peter Wilson, representa-tive of the Timber Growers Association on the Forest Wind-Blow Action Committee set up after the storm, said the market for top-quality timber has stood up relatively well, prices of second- and third-quality have been reduced by 30 to 50 per cent while there is virtually we market for the virtually no market for the large amount of inferior timber

that is left. M arkets are not likely to improve rapidly. The Forestry Commission reckons that 70 per cent of the broad-leaved timber

is still lying where it fell. What of the future? John Burgess is unusual in that vir-tually all his land is now rough-cleared and with the help of English Woodlands, the help of English Woodlands, the forest management company, he is trying to assess what gov-ernment, replanting grants he might get. These have recently been increased and last week the Government said it had applications to re-stock some 2,500 hertares, which could 2,600 hectares, which could mean 5m trees.

Mr Wilson, however, warns to allow maintenance grants could mean that even if trees are replanted, they will suc-cumb to pests or weeds.

There are also many other problems, from the now tree-less banks to the many remain-

ing trees now so bereft of cover

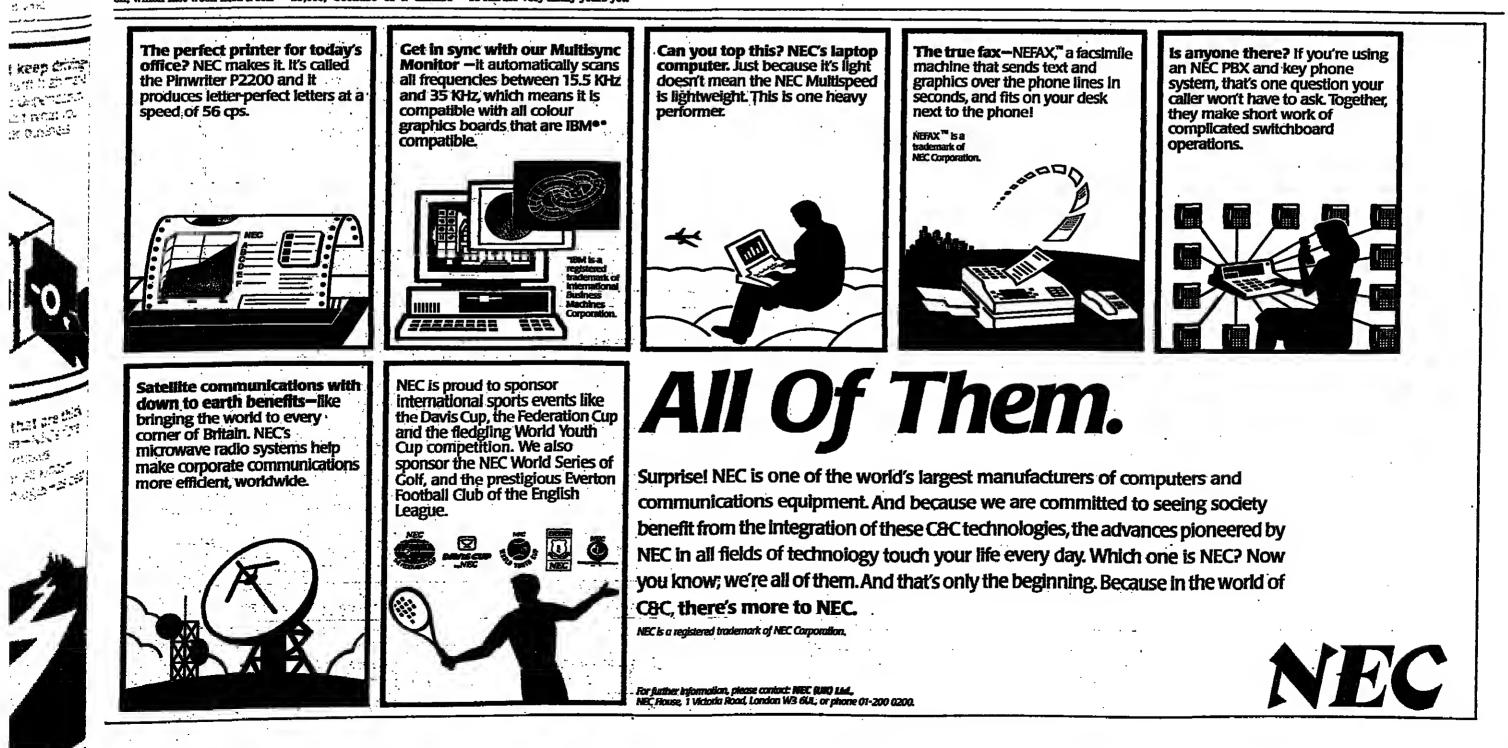
ನಿಸ್ತಾರಿ ಎಂದಿಗೆ ಬಿಡ್ಡಾ ನಾಗಿ ನಿರ್ವಾಸದ ಪ್ರಮ ಸೇವಿಕ್ ವಿಧಾನ ಹಿಗೆ estates or the Forestry Commission. A year after the storm, it has

y the deviation of any Min who has in work in Solar group day states been estimated that some 15m trees or 4m cubic metres of timber were blown down. This is equivalent to about 80 per cent of Britain's timber which normally comes from domestic sources, although that is only some 15 per cent of the country's total timber needs. 1242.0 2222 22

According to the Tree Coun-cil, which last week held a con-

that this winter's storms could bring them down, too. The ramifications of clearance estimates of some Britain's worst storm in 200 £15,000-£20,000 to less than £3,000, because of a chance years will clearly continue to be felt for very many years yet.





16

Robots swing into the saddle

A ROBOT jockey for use in the training of horses, especially those too young to carry a human, has been developed by Tohoku Denshi Sangyo of Japan. The apparatus consists of a

mechanised dummy, strapped to the saddle, which can simulate the actions of a rider. The trainer operates a radio control box, similar to that employed hy model car enthusiasts which has a range of 200 metres using the 40 MHz band. Mechanical functions allow

the dummy to pull either or both reins and to operate a whip or spurs. A loudspeaker fitted to the dummy's chest issues verbal instructions. In a recent demonstration,

albeit in a small enclosed area, the horse was seen to follow contentedly the demands of its robotic rider, moving from walk to trot or canter as instructed.



The main hody of the dummy is made of aluminium, and is fitted with a compact DC servo motor and rotary solenoid and a 12-volt battery. The prototype apparatus weighs about 30 kg, but future versions weighing 20 kg and eventually only 10 kg are planned.

Tohoku Denshi Sangyo is based in Japan's northern Aomori prefecture. Sales of the robot jockey will begin from spring 1989, with an initial unit price of abont Y1m (£4,400). The company says that it will be cheaper than hiring a professional rider.

Akio Saeki, company presi-dent, says that the mechanical jockey has prompted great interest in Japanese horse training circles, but he discourages speculation about any forthcoming "robot derby".

Roy Garner

f the UK implements an electronic tagging system for offenders, it will be the first time outside North America that criminals will have been monitored in their homes. The system gives courts the alternative of confining offend-ers to their homes during cur-

few hours, instead of sending them to prison

Marconi Electronic Devices (Medl) has announced that the Home Office has bought both hardware and software for the "house arrest" system. With the help of the UK probation service, the equipment will be adapted prior to a pilot scheme involving offenders or remand prisoners.

Douglas Hurd, the British Home Secretary, is expected to give details of the scheme in a speech to the Conservative Party conference at Brighton tomorrow.

The use of electronic monitoring programmes is growing rapidly in the US as an alternative to prison. Home curfew schemes exist in 32 states and monitor between 5,500 and 6,500 offenders. "There are more than 605,000

federal and state prisoners in the US and we have serious prison overcrowding," says Mckinley Edwards, executive vice president of operations at Colorado-based BI Incorpo-rated, one of the leading suppliers of monitoring equipment. "What's more, courts are getting tougher on crime. It's a prohlem that won't go away and home arrest schemes seem. to be the answer

The chances of such systems being introduced in the UK have been increased by recent technological developments. Bob Thomas, technical director

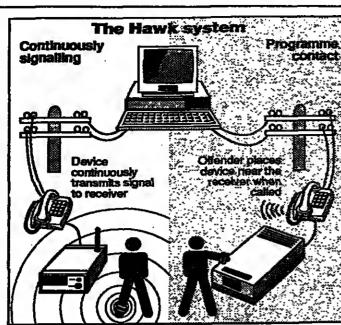
at Corrections Services Incor-porated (CSI), of Florida, which also supplies home arrest systems, says that there used to be serious quality control prohlems. Much of the equipment was based on burglar alarms and was therefore too big and not reliable enough. "There has been a major technological breakthrough

this year," says Robert Lilly, professor of sociology and law at Northern Kentucky University. A dramatic shift in the quality of the equipment "should allow in-house arrest schemes to become more widespread."

office.

Hawk receiver.

The main drive for these improvements has come from Swindon-based Medl, part of the GEC group, which has teamed up with CSI to create a electronic monitoring system called Hawk. Medl has managed to transfer technology from other security areas, for example the thin film method



A method of punishment in the home

Paul Abrahams examines the latest electronic tagging techniques

of layering chips which enables

a device to be miniaturised. The Hawk system uses two Kevin Swann, marketing manager at Medi, explains that ways of monitoring offenders: the Hawk wrist device overprogramme contact and contincomes many of the problems of nously signalling equipment. Programme contact consists of three elements, a wristprevious systems. The bracelet weighs only 16 grams and is smaller, lighter and less obtruwatch style device strapped to sive than previous systems.

It is also more reliable, he says, as it contains none of the the offender's arm, leg or torso, a receiver positioned in his or batteries or moving parts which tended to give false her home and a personal computer (PC) at the probation alarms in earlier systems. The unit is sonically sealed and In the programme contact system, the PC generates ran-dom telephone calls during the water resistant

The continuously signalling method involves a similar bracelet containing a recharge-able battery, which sends out a regular signal. This signal is picked up by a receiver with a range of about 60 metres. curfew period to the home of the person being monitored. When the offender picks up the elephone he hears a recorded

message asking him to confirm his presence. He is then obliged to pass the bracelet If the offender leaves the within half an inch of the range of the receiver during the curlew hours, the unit sends a message to the com-puter which logs the infringe-The receiver energises the circuity in the bracelet - this means it does not need bat-teries. A coded radio signal is ment

Medl says that it has oversent back to the receiver which come the reliability problems digitally transmits it to the of earlier continuous systems. office via the telephone line. The company has designed a The process takes less than a unit which recharges the bat-

TECHNOLOGY

tery within the wrist device without opening it up. Earlier machines with throwaway bat-teries had a tendency to leak. Edward Fine, a circuit court judge in Florida, which has one of the largest programmes in the US, says that there are also financial reasons why electronic tagging may become more common. He points out that house arrest is much cheaper than prison. It costs about \$5 (£3) a day to monitor somebody at home compared with at least \$50 a day to keep

him in prison. "The schemes also appear to benefit offenders and are surprisingly effective at helping them not to re-offend. Inve-niles are not being sent to prison to be inducted into the "Such schemes also help as to avoid letting people out of

prison early because of over-crowding when they shouldn't be on the streets," he ands.

Robert Lilly, at the Northern Kentucky University, says that a number of studies show that 20 per cent fewer offenders put under house arrest re-offend within a control period than is the case with people impris-

oned.' Bob Thomas at CSI says that the success of early schemes with less serious offenders has led to their expansion to include more serious offenders. In Utah, electronic bracelets are being used to monitor sex offenders.

Cynthia Buckwalter, associate at Whale Securities in New York believes that the market in the US could eventually be worth more than \$10n. Unit sales there have tripled every year for the last three years and she estimates that this year the market will amount to \$100m.

Anthorities in Australia, Sweden, Denmark, the Nether-lands, India and Thailand have expressed interest. A pilot scheme is running in British Columbia. But there are still worries

about the implications for civil liberties of such surveillance methods. This is particularly so of a technique which involves adding microphones

to the devices. Alvin J. Bronstein, executive director of the National Prison Project at the American Civil Liberties Union, says: "The danger is that such schemes don't decrease the numbers in

DEISOT.

"In Florida the authorities

those being electronically monitored would otherwise have been released on probation. There is little effect on the prison population and the net of social control is widened."

Weaving a circuit board IT MIGHT seem abourd to revert to stringing wires between electronic components as engineers did in the 1950s. But by using computerised prod tectuloues, costs can compare well with conventional multi-la printed circuit boards (PCBs) for short production rans.

Design changes can be put two production by reprogramming, eliminating expensive photographic artwork for each layer. Circuits can be made with good inernal stability and high component packaging densities. There is also good control over the way the signals will flow over the wires on the finished board, Koltmorgen Corporation In the US and its UK agent, MW Circuits of Aldershot, have pioneered this "wow circuit process and it has been used, for example, in the Harrier engine controls made by Smiths Industries. The Islant NW product, image is captured by an electronic camera and stored on a two-inch magnetic disc. The system, called Prism, directs the light from the lens on to film and still video Microwire, is almed at modern "surface mounting" boards where components are soldered directly to the imaging surface at the same time, using a beam splitting device. A wide variety of top board surface. In conventional boards. the

components' connection legs are pushed through holes to be soldered on the other side Microwire uses a high precision wire-laying

processors wire-saying machine, driven from circuit design data held in a computer. The wiring head moves rapidly over the board, feeding out and anchoring the wire altrasonically to a base pizto.

The wire, finer than has ir, has an insulating cost, so that many layers can be laid on top of each other. The whole surface is encapsulated to give a flat fin

Next, a fine laser beam blasts flay holes at each anchor point and these are metallised by a special process to give connections to any of the layers. Finally, metallised pade, to which the component ection pade can be connection pads can be soldered, are added to the upper surface.

A preview of

the portrait **PROFESSIONAL** portrait photography might take on a new lease of life with a product from Kodak which allows the sitter to see what the camera sees, just before exposure takes place.



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expression and so on,

cameras and lenses can be

Photographers will be able to install another monitor in a sales area outside the

studio. There, the sitter can

to order prints on the spot.

Raymond DeMoutin, general nanager of Easimus Kodak's professional photography division, Winks Prism "will change the way.

many portrait photographers do business. It's the immediate enswer for loday's

convenience and service.".

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Kurtzweil is mainly

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customer who expect

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review the shots and, Kodak believes, will be encou

accommodated

such documents into other systems (personal computers for example) and hear them at the same time. This should create opportunities for blind people in ciericai,

WORTH **Called Personal Reader**, WATCHING the machine is a considera

software achievement in that most typefaces can be dealt with and then fed to the **Geoffrey Charlish**

DECtalk speech synthesiser made by Digital Equipment. In the loast expensive (£7,900) version, the user moves a hend-held "mouse" across each line of type. A Sitter and photographer are thus able to experimen with profile angle, camera distance, lighting, facial magnetic tracking unit makes sure that the mouse moves use both can see the In a straight line. With an automatic page reader, the price is £10,000.____ mage on a 13-inch colour Ty monitor. Each time the photograp takes a shot, an identical

The system will even spell out words and announce punctuation. A complete set of equipment with the band-heid scanner weighs less than 20% and is available In the UK from Sight and Sound Technology of Northampton.

Filter for a heavy metal

MERCURY can be removed trom plant exhaust geose and kept out of the stmosphere by using a new type of filter from Boliden Contech of Skelleftebarm in Sweden. Mercury, one of the heavy metals, can have long term toxic effects on humans.

Applications for the unit. which is called Sciooffites range from metal refining to icipal waste incineration mu dank.

The filter is based on the strong affinity that mercury has for the element selentu resulting in the formation of mercury selenide

The unit consists of a cylindrical shell containing a porous, granular allics imprograded with selenium. This large, active surface of selenium is converted to the selenide quite slowly, says the company. During this time, its condition can be logged with a conver instrument.

CONTACTS: MW Circuits: UK, 0252 334141. Kodel: UK office, 0442 61122. Bight and Bound Technology: UK, 0004 567091. Boliden: Contect: Sweden 910 72000.

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admit that about 30 per cent of

1919 - Ala Ala Ala

FINANCIAL TIMES TUESDAY OCTOBER 11 1988

concerned with commercial

electronic stores of

mputers, obviating

re-keying. The new system should enable the bilind to "read"

scional and manageria

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text reading equipment that will feed documents into the



preposterous suggestion, you may say. Quite Iudicrous. But before you dismiss it as pure fiction, consider the following facts.

The rate of information growth is doubling every five years. Currently, 6000 new scientific articles are published every week.

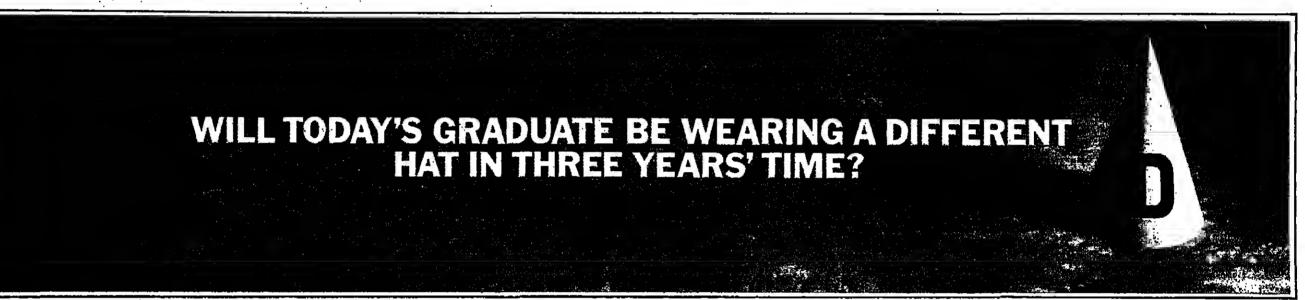
An explosion of facts and figures shattering the dreams of anyone hoping to become a Jack-of-all-trades. Indeed, being the master of just one is now a race where the finishing line keeps moving.

Skills and knowledge that may have taken years to acquire can be out of date almost overnight.

Think of the ship designers in the north-east who have had to turn their hand to designing oil rigs.

The plant breeders who have had their world turned upside down by the advent of genetic engineering.

The textile designers who have had their crayons replaced by computer keys. Formal qualifications on their C.V.'s, though important, would have given little indication of their capacity to accept and adapt to change.



Of course, if we expect people to have a more flexible, adaptable outlook on work, we must also expect the same of their employers.

So companies must be prepared to do more than just give time off for occasional conferences. They must also allow time off to attend business schools and retraining courses. And maybe more.

Some companies do already. But should we follow the example of countries like Sweden where mid-career breaks of several years are not uncommon? In fact, is it time we reappraised our attitude towards career patterns entirely?

Traditionally, the long serving employee has been held up as the shining example. And, of course, many years of experience in a company can be invaluable.

But in today's fast changing world perhaps we should look more favourably on frequent job changes and regard them as the need to face fresh challenges.

That, in itself, is a challenge that business may soon have to face.

Indeed, in our view, training, or lack of it, is very often at the root of many companies' staffing difficulties.

Yet, sadly some firms still see training as a side issue when compared with, say, providing plant and finance.

According to the latest (1985) MSC figures, the average company spends a mere 0.15% of its turnover on training.

As for ourselves, this year training will cost us some 10% of our income.

It's a sizeable sum. But it's one we would not spend unless we knew it would repay us fully in the years to come.

1. S.

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BUSINESS LAW

Polishing Drexel Burnham's toe-nails

and born without a silver

How bad are Drexel Burn-

SEC has the power to suspend or revoke the right of Drexel or

any of its partners or employ-ees to remain in the securities

will be enormous business

require big changes at the firm, including changes in top

rement

THATS

By Leo Herzel

Dy a large margin, the most important recent legal event in America is D Legal event in America is the Securities and Exchange Commission's civil complaint against Drexel Burnham Lam-bert, Inc. Michael Milken, Drexel's genius of junk bonds, three Drexel employees, and Victor Posner and his son are individual defendants. The case and the criminal indict spoon, he clearly has the right beneperament for litigation. Whether litigating rather than settling will be the best strat-egy for Drezel remains to be ham's troubles? The firm seems to be quite perky and combative. Money from the case and the criminal indict-ment that is expected to follow

soon will have many important direct and indirect effects on the securities industry and on

combative. Money from the junk bond business still appears to be pouring in. The key problem for Drezel is a practical one that does not require a deep legal analysis for an answer. Drezel is litigatthe securities industry and on several large law firms in New York and Washington. The complaint is 184 pages long, with a multitude of causes of action, and is often mmbingly prolix. Elegance in drafting has been sacrificed in favour of safety. Considering the very expensive and aggres-sive defences that are being prenared by the defendants. ing with the regulatory agency upon whom its existence depends. The SEC licenses bro-ker-dealers, which is what Drexel and other investment bankers are. As a result, the SEC hose the reparent prepared by the defendants, the SEC's decision is not hard to understand. The SEC is also very conscious of its educa-tional function. To be plain, it wants to scare Wall Street and a long complaint with many causes of action and lots of detail helps to get that mes-

The most puzzling aspect of

two proceedings will have to be co-ordinated, the likely result is that the SEC's civil proceed-ing will be stayed while the criminal case proceeds. The explanation for the SEC jump-ing ahead with its complaint is probably that it concluded that any more delay would strain its credibility and impair its regulatory and educational function.

cer, Frederick H. Joseph, is not an individual defendant in the case. He has a lot at stake in the case personally; but only

Iran-Contra hearings. derivatively through Drexel. Large law firms are required Joseph was a champion boxes at Harvard College. A fighter,

for the defence because of the tremendous amount of discovery and paperwork that will be involved in the SEC and crimi-nal cases and the large number of related class actions and other private lawsuits.

other private lawsuifs. However, only a few large law firms are capable of doing white-collar crime work. The training of lawyers who litti-gate at large firms does not usually include much court-room trial work, let alone crim-inal trial work. The complete inal trial work. The emphasis is on interminable discovery and pre-trial motions followed by settlement. Moreover, large law firms (and their clients) have had a snobbish bias against criminal work that is only just beginning to break down

The benefits to the firms and the benefits to the firms and the partners in charge of the cases are the obvious ones of highly valuable experience, publicity, glamour and large fees. The disadvantages are business. For these practical reasons, the situation for Drexel is unstable and there less obvious but also very important. For example, except for Williams & Connolly, these for Williams & Connolty, these firms have conventional corpo-rate and securities practices, in addition to litigation. How will the unavoidable fierce confron-tations with the SEC affect their regular securities prac-tices with the SEC for other adjuste? pressures on it to settle. But any settlement acceptable to the SEC would probably

The young lawyers who will work on the cases at these firms will have special career problems that add to the exist-ing difficulty of becoming a

partner. Since no expense will be spared in these cases, the result will be lawyers spending large amounts of time on the organisation of evidence and discovery and on legal points discovery, and on legal points that will have little importance for their subsequent careers. They will be polishing the ele-phant's too-nails.

Increasing use of persiegals and sophisticated data processand sophisticated data process-ing systems will reduce some of the organisational burden for these young lawyers. It is reported, for example, that Drexel Burnham has paid Arthur Andersen \$46m for developing a system that organises the 1.5m pages of documents requested by the US Government. US Government.

Because the work may be a Because the work may be a dead end for young lawyers, the firms will probably have to hire some of them specially for the cases — for reasons of morale. Special bonuses will also probably have to be paid to them as inducements to begin and to stay on. This, for example, is what Gravath. Swaine & Moore did several wars ago when it was defendswame a moore an several years ago when it was defend-ing IBM in the large anti-trust case brought by the Depart-ment of Justice to break it up. When the cases end, most of these young lawyers will be out of a job with only their law degrees and some very transaction-specific experience to sell.

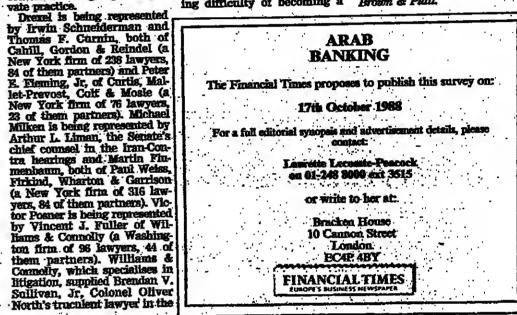
The author is a partner in the Chicago law firm of Mayer Brown & Platt.

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Without actually being on the scene, not even the astute observer of distant markets can always differentiate between cause and effect, in-depth insights into market dynamics evolve only from an active on-site presence.

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sage across. The main grievances are fail-ures to make legally required filings to disclose beneficial. ownership of securities, trading on insider information, conflicts of interest with customers and stock manipulations. In many instances, causes of action are multiplied by permutations of the defendants in the same transaction. Most, but not all, of the allegations involve transactions with Ivan Boesky. It is quite clear that a ferocious attack on his credibility will be a key fac-tor in the defences.

the SEC complaint is that it was filed before the inevitable criminal indictment. Since the

Drexel'a chief executive offi-

The defendants are being represented by the cream of the white-collar crime bar. Many of these lawyers have had experience as federal pros-ecutors before going into private practice. Drend is being represented by Irwin Schneiderman and Thomas F. Curnin, both of Cahill, Gordon & Reindel (a New York firm of 238 lawyers,



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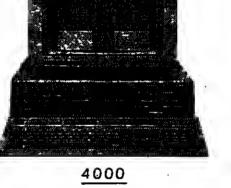
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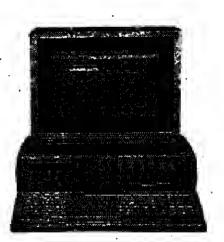
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MANAGEMENT: Small Business

Aachen Technology Centre

A West German incubator

So historians, Aachen is the Roman spa which became the Emperor Charlemagne's imperial capital in the eighth entury. Tourists know it as the site of one of West Germany's most fasci-nating cathedrals. To scientists, industrialists and students, it is the home of the Technical University, one of the largest in western Europe and

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the city's largest employer. But to young entrepreneurs with a flair for invention, the north-west German city, near the border with Belgium and the Netherlands, means something quite different. Aachen, whose surrounding area faces severe job losses from coal mine closures, is the place which has given them the chance, and the funds, to try and make the tricky leap from technical inspiration to successful business-

The incubation site for their efforts is a former factory in the city. Smart-ened up and divided into offices and laboratories, it houses Aachen's Technology Centre, set up in 1984 to nurture new businesses before they are ready to move out into the harsh outside world. Nearly 40 companies have started up in the centre. Of these, 10 have developed far enough to strike

For an idea like the Technology Centre to succeed, wide support is needed. In Aachen, that has come from the Technical University, where most of the entrepreneurs studied, from the Stadtsparkasse (local savings bank), which has provided special risk-tailored credits, and from the City administration, local authorities, and industry which have set up AGIT, the Aachener Gesellschaft für Innovation and Technologie Transfer.

As its name implies, AGIT's job is to encourage the transfer of technoloyies from universities and research bodies and help promote new companies. It runs the Technology Centre, where some 450 full- and part-time jobs have been created at the infant companies it has fostered. Together, their turnover exceeds DM 55m (\$30m). Around DM 20m of the start-up capital has come from Federal, regional - Aachen is in the state of North Rhine Westphalia - and bank funds and another DM 20m or so from sources such as research and industrial contracts and money raised by the new company owners them-selves, most of whom are in their 30s.

What sort of companies are they? To the layman, their activities seem somewhat arcane, based on production-oriented processes at the forefront of technology. Three typical start-ups at the centre are: Parsytech, which has made a considerable international reputation in the field of advanced, high-performance computers; Head Acoustics, which has broken new ground in sound research and testing; and Ceme Coat, involved. in special anti-corrosion, heat resistant and other coatings for industry and medicine

All three of Parsytec's founders came from the Technical University. Now three years old, the company

keep pace. "If the market grows at 200 to 300 per cent a year, then we have to employs 31 people. Turnover in the financial year just ended was DM 5.2m compared with only DM 1.5m in do the same."

Parsylec's founders (r to I): Gerhard Pelse, Falk-Districh Kübler and Bernd Wolff, who left to pursue other intere

This it has set up a new majority-owned subsidiary in the US to sell its products and also keep an eye on developments there. We don't only want to export German technology abroad," says Kübler. While Germany has the lead in this market segment at present, the US is expected to catch

Initially, Parsytec has concentrated mostly on industrial rather than search applications. Its debut product was the Target, the first computer for industrial use to be based on the transputer. Its products cost, between DM 13,000 for add-on boards for IBM, Macintosh, and other personal com-puters and upwards of DM 500,000 for its new Megaframe Supercluster, which takes parallel processing capac-

nology Centre, Parsytec ploughs most of its revenues back into its operations and development. "We want to grow very strongly, so we can

meet the demands for our products," comments Peise. Another similarity with its fellow start-ups is its strong links with the Technical University.

"Having Aachen as a busine SS TOCH tion is a large advantage," entimees the Parsytec manager, and co-owner. The university has played a key role in promoting fledgling companies. It decided around 10 years ago to become more active in transferring technologies outside its walls, especially to small concerns. It vets all projects submitted by the Sparks which also has its own technical advised

"We encourage people to develop their own technology ideas," says Walter Eversheim, engineering profes-sor at the university. "We don't exactly kick them out of here, but we say they should leave the university and start their own businesses."

Klaus Gemilt, 36, is such an exam-ple. With an impressive academic ped-igree – he has degrees in electrical engineering and business administration - he set up Head Acoustics two years ago with capital of DM 2.1m. Of this, he raised DM 100,000 himself, the rest coming from Government and

banking sources This year, he hopes for turnover of some DM 2.3m, rising to DM 4m in 1989. "I realised that industry had 1989. "I realised that industry had problems it couldn't solve," he says of his decision to start Head, which now has 25 full- and part-time employees. One major customer for its unique hinaural measurement devices is Datmier-Benz.

With its so-called 'Aachen Head', an acoustically accurate reproduction of the human head and its bearing properties, the firm can deal with a range of industrial, medical, and musical concert and recording applications. Its mae in the recording of the world's largest church organ in Passan in Bavaria was widely acclaimed by Asserts Gennit: "We have no con-

petition in this market niche." Head Acoustics is also represented around the world and has taken out numerous patents. Know-how, he says, is as important for the firm's success as the actual equipment.

For those wanting to lend money to such ventures, assessing the techno-logical risks and potential rewards can be a problem. As well as studying can be a problem. As well as scurying the technical side, Eversheim looks for a marketing concept when view-ing new projects. If the university experts feel the idea is beyond their ability to judge, then its initiator is expected to raise money on his or her own rather than being allowed into the Thebrohem Contract. the Technology Centre.

Paul Rosen, head of the Sparkasse, has been an enthusiastic supporter of the centre. "How do you help people from the university to make the switch from a secure position into business, we asked ourselves?" It came up with the idea of loans at normal interest rates which do not have to be repaid if the start-up fails.

nave to be repair if the scarvop hats. So far, it has not lost any money on the scheme, having lent seed capital of up to DM 300,000 to nearly 30 firms. Some of these are still in such a pioneering stage that profits are still some way off. Ceme Coat, for instance, remains "fully in the develthe two companies together was provided, for Readev. opment stage," according to Tony Leyendecker, its 31-year old owner. "This technology takes a long time to by the Calderdale BIC and, for Unipro, by the Bedrijts Technologisch Centrum -Twente, a four-year-old BIC based on a business and master." Levendecker, who studied mechanical engineering in Aachen says that unlike the computer and electronics sectors, developments in coatings have to be proceeded with more empirically and this takes time. Still, by the end of the year he reck-ens the development phase should be 'High' Technology, 1992; what will they mean for SMEs in five years' time" will be discussed by Professor Peter nartly over.

The Technology Centre was the first in Germany outside Berlin which has special status and funding for new ventures. "We have about 13 new companies ready to move in," says Volker Hepple, a general manager of AGT. So more will have to leave to make actual these they have actual make way. At least they have some-thing to aim at. Aixtron, a specialist in semi-conductor and optical fibre materials and the most successful firm to emerge from the centre, has a tarnover of DM 17m in its sights for 1989. Aachen is hoping fervently for more such high flyers.

In brief.

A Technology Open Day is being held by the Calderdala Business

with a manufacturer or principal to ascertain what sort of sales outlet is most innovation Gentre at the Dean Clough Industrial Park in Halifax, Yorkshire on appropriate, not only for establish international sales Thursday. The event is aimed at small and medium sized but also domestic sales. firms which want to take advantage of new technology. Further Information from Lynne Fitzpetruick at AMT

There will be opportunitie for those attending to meet. EC technology transfer specialists from Belgium, France, the Netherlands and Spain and to discuss trade

also the first local authority

in the UK to establish a business innovation centre in the Brussela-European

Business and Innovation Centre Network (EBN).

entrepreneurs who will discuss the importance of

technology transfer on

chairman of Resdev, a

of epoxy resin and

Thursday at the open day will

be John Wright, founder and

Hallfax-based manufacturer

compounds used for factory

transfer deal with Unipro, a

flooring and compounds and

Haaksbergen, near Enschede.

The push which brought.

acience park in Enschede.

The question of Information Technology,

University. For further information contact Peter McDonagh on-0422 57257 Extension 2212.

Also with an eye on helping

companies develop through exporting and links with other

companies, Applied Material

a data base to match

or agents.

Technologies has established

industrial manufacturers with

prospective sales distributors

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Buckley, of Bradford

Dutch manufacturer of

adhesives based in

floor coverings. Wright was featured on this page on June 23 and has a technology

One of the two

An original and commercially viable business idea could win a student or group of students (including stati-formers) a first prize links with foreign firms known to the specialists. The Calderdale of \$2,000 in the fourth annual Innovation for Business tropolitan Borough wa Award the first local authority in the launch a transmitional Previous finalists have invented an entryphone system, a reverse gear for a motorcycle and a method scheme for co-operation among smail and medium sized enterprises (SMEs) and

on 0780 65690.

of breeding rag worms for anglers. A total of £4,500 In prize money is on offer.

The database covers

engineering and materials products and services and lists key information about

companies registered with AMT's service. AMT will work

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Contact Adrian Black, Tate & Lyle, Sugar Quay, Lower Thanse Street, London EC3. Tel 01 626 6525.

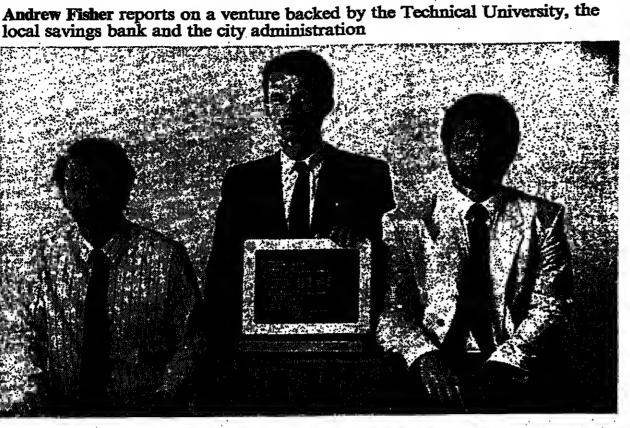
A one-day conference focusing on the needs and ... problems of small and medium sized firms trading In Europe will be held on Thursday this week at the Humberside Business School, Hull.

The conference, In Business, in Europe, costs £25 and will include evening workshops on subjects such as customs planning and . export documentation. Contact Dr .III Preston. Humberside Businees School, Cottingham Road, Hull HUS 7RT. Tel 0482 41451.

The London Enterprise Agency has just launched a new directory designed to provide a step-by-step guide to people who want to set up their own business. Called "Getting Started", the directory is a mixture of interrogation ("Are you prepared to undertake any k, however menial") and information on the organisations and agencies that will provide help and encouragement,

The sections cover such reas as assessing whether you are really in the right business, how to assess the marketplace, finance, selling and marketing, training and promises.

The directory is available from LEatA, 4, Snow Hill,_ London EC1 2BS, Tel: 01-236. 3000.



Ministry under an innovation scheme now being discontinued, Parsytec developed its successful parallel processing computers. These allow complex problems to be solved or simula tions to be made at a series of linked computer workstations. A third of the company's turnover for export and it has distributors

> and asked if they could distribute our products," says Peise. The company based its parallel processing approach on the transputer, a highly adaptable microprocessor developed by Inmos of ity towards the range of supercompa-ters – expensive number-crunchers increasingly used in industry. Like other companies in the Techthe UK. Today, says Falk-Dietrich Kübler, Geise's partner - the third has left to pursue other interests -the parallel processing market is growing rapidly and Parsytec has to **BUSINESS OPPORTUNITIES**

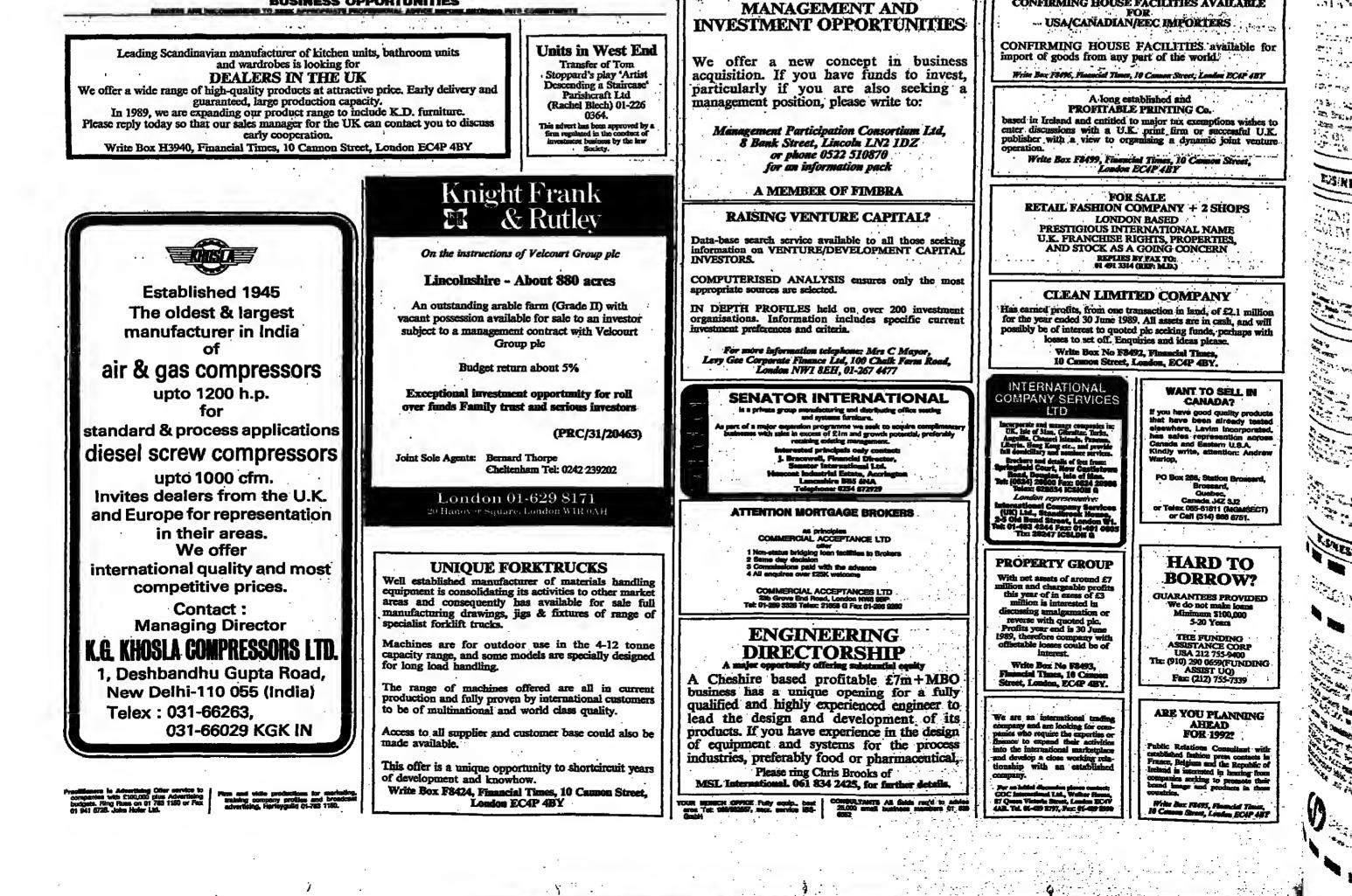
1987 and the goal for 1989 is at least DM 10m. "We decided we would make computers for complex tasks," says

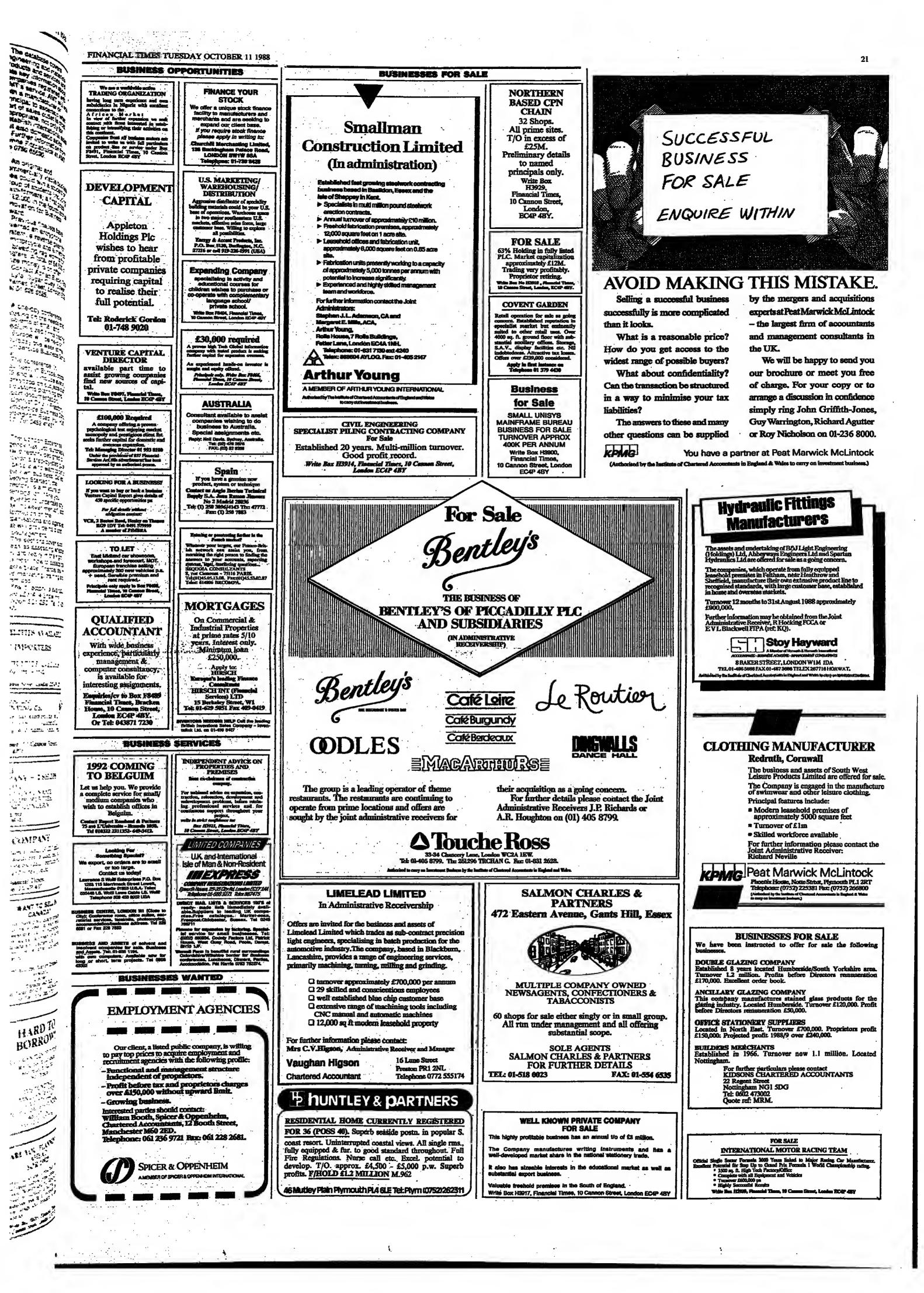
Gerhard Peise, 37, a general manager. "No-one believed we could do this." With the aid of a DM 800,000 two-

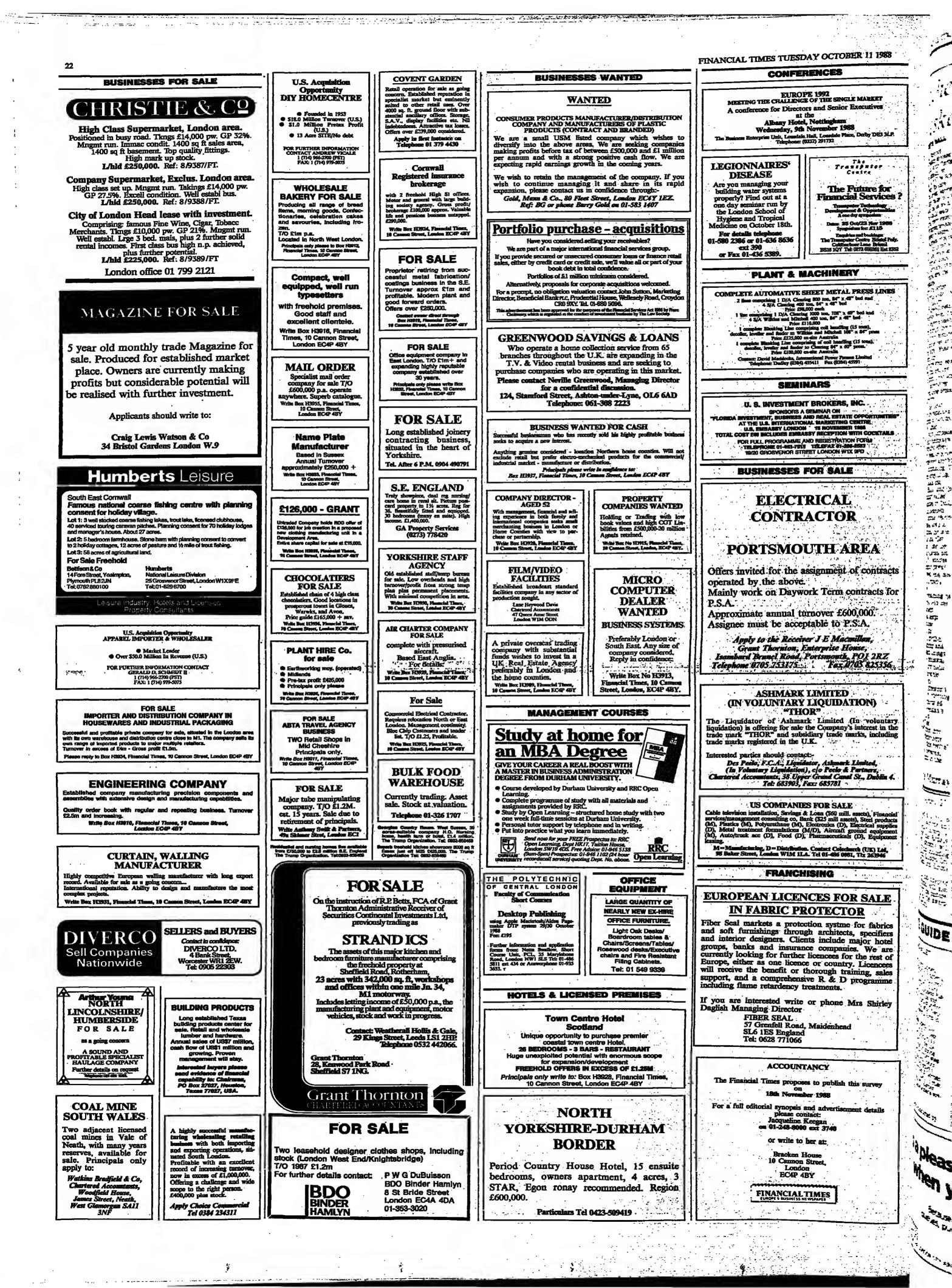
throughout Europe and in Japan, the US, and Australia. "People came to us

ear grant from the Bonn Research

FINANCIAL TIMES TUESDAY OCTOBER 11 1988







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ARTS

Fischer- William Packer reports on '100 years of British Art' in Leeds Dieskau Painters put in perspective

1992 * THE STOCK MUSCO

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The Future h On Sunday Districh Fischer-Disskan devoted his *Lieder* recital with Hartmat (Wall & Barrows) Holl to Schumann; on Wednesday it will be Schubert. and on Friday Richard Strauss. The great baritone attaches high value to live attacnes nigh value to live performance (as do we all, of course); mid-stalls stats, of which dozens were empty, cost £30 each (programme-book extra), or about a pound for every two minutes of actual performing — or to put it yet another way, the price of three well-filled compact disc. For

MET AL POLES WA well-filled compact discs. For a London Liederabend this may well be a record, and the longer it remains

Valgar carping aside, there was no doubt that the 63-year-old Fischer-Dieskan was in illustrious form. Tonal were sudden lovely moments (and only a hint or two of the: old hectoring bark). Musical grip and searching interpretation are what one expects from him, and the voice - still large, clear and coloured with astounding resource - met those demand with full authority.

A UNIX STATE STATE The state of the state o During his last Lieder During his last Lieder rounds here, one remarked a new attraction to variously "dark" songs. Sunday's programme, which juriaposed earlier and later Schamann to highly suggestive effect, favoured wry, bleak or bitteriy, values and programme constitution.

vehement pieces over anything romantically ingratiating. The Hans Andersen songs of op. 40 sounded as black and 40 sounded as black and unsparing as Mahler, and the op. 57 "Belshazzar" ballad (grandly dramafised by Höll, too) became an Eisenstein mini-epic. By contrast "Meine Rose" was pressed down to a tremulous thread; the late "insuration and thread; the late

took many liberties with the printed music: violent dynamic switches, tempi

wilfully stretched and

compressed. With his

TH AREA Zigeunerliedchen and "Der Contrabandiste" --- and the deeply peculiar "Abends am Straud," one of five encores

Strand," one of nye encours - were astringmily pawky in Dicikau's newest vein, not so far from H.K. Gruber's chansomier style. By a pedantic reckoning he into many liberites with the THAT ELEMANTS PL IF PSA.

18 Martin THE LEVEL chimmerk, POLIZ

compressed. With his sovereign graup of rhytinn (which includes thing and pace), he can do such things without dropping a musical, stitch, and to vital dramatic gain; except for inturable pedants, all his literal denerting from Schummung 1425.553 departures from Schumann's scores had the ring of sterling insights. Not to be indicated, 44111.0

SQUIDATION: of course: Fischer-Dieskan's expressive freedom is

gallery's centenary by

showing a work spiece for showing a work aplace for each of its years is so stont a peg on which to hang an exhibi-tion that one is surprised if has not been more often used. 100 Years of British Art (until January 15: spon-sored by Barclays Bank), by which Leeds remembers the opening in 1988 of its Fine Art Gallery, is just such an anthology such an anthology. Based on Leeds's own collections

Based on Leeds's own collections but drawing on others around the country, it brings into fresh and stimulating conjunction the familiar and the forgotten, the obvious and the unexpected. Here is a celebration at once of the continuities, crossovers, oddities and contradictions of British art in a century in which too often we have both under-sung its real achievement and importance in relation to contemporary develop-ments abroad, and yst despised it as parochial, eccentric or merely popu-

lar. But the world moves on. For some-time past it has been possible to acknowledge Wilson Steer, for exam-ple, as an authentic English impres-sionist — here is a Walberswick beach with children playing (1889), with Van Gogh and Seurat still alive and Pissarro only in mid-career. Mat-thew Swith, we now see, was an thew Smith, we now see, was an honourable fauve (1916), Paul Nash a significant surrealist (1918), and Sickert (1909), Spencer (1920) and Gwen John (1910) true originals. And all this while a more truly catholic

The idea of celebrating a revisionism has, by degrees, been creeping in. Victorian and Edwardian genre or

Victorian and Edwardian genre or social observation are no longer an embarrassment - see G.W.Joy's delightful "Bayswater Omnibus" (1895), and Ralph Hedley's fine employment exchange interior, "Seeking Situations" (1904). The later pre-Bahaelites with their romanticised classicism - here Alma-Tadema's love-lorn beauties (1893), and Waterhouse's water nymphs (1896) - are no longer bywords of a decadent aesthetic. The post-impressionist realism current

bywords of a decadent aesthetic. The post-impressionist realism current throughout Europe around the turn of the century now leads the market - Stanhope-Forbes (1900), Mark Senior (1901), Laura Knight (1908) and Alfred Munnings (1905). The Munnings example is espe-cially intriguing, for his Poopy Field, with its high chromatic key and spectacularly free handling, is hung beside Derain's vivid fauve Thames Barges (1906) - for the occasional visiting foreigner is allowed. And within the last 10 years a renewed interest in realist painting between the wars has allowed us to see Mere-

the wars has allowed us to see Mere-dith Frampton (1937), with his dis-turbingly marmoreal figures, as something rather more than the mare Academy portraitist we once thought him.

The game, of course, is to rejig the list. Paul Nash comes in as the great war artist he undoubtedly was, but then his absence in the 1930s is the more pronounced. Where are Millais

or Burne-Jones for the 1890s, where any of the Glasgow Boys for the 1900s? Scotland in fact is badly served throughout. Wyndham-Lewserved throughout. Wyndham-Lew-is's large Praxitella (1921), a portrait of his mistress, Iris Barry, is a major work, but should he not have been abown a little earlier as the first and loudest Vorticist, going full-blast? Both Augustus John (1902) and his sister Gwen (1910) are represented by good early works where later examples might have been more challenging. And a later Francis Bacon (1950) might have released a spot for William Scott, perhaps. The later rooms are necessarily more arbitrary, with reputations yet to settle, and with the larger canvas, standard since the 1950s, suggesting an authority that is not always sustained. It is a measure of the shows inherent interest that one's own imaginative engagement should run on so freely in this way.

But this particular exercise is more than just another celebration of Brit-ish art. Leeds City Art Gallery, built by money raised through public sub-scription to Queen Victoria's Jubilee Fund, is a civic institution that has enriched the life of the commu ever since. As such it is hardly unique to Leeds, for all our historic provincial centres have similar institutions. Contemporary art was bought from the start, and is bought

still as funds allow. Manchester, Liverpool, Bristol, Birmingham, Newcastle, Cardiff and the rest all have such galleries, and for the moment Leeds stands for them all. We do well to consider what the chances would be in our own time, of setting up such enduring monu-ments to cultural values by popular subscription and local philanthropy.

A sad and chastening answer comes from Leeds itself, where a derelicit and otherwise unusable piece of land, the Holbeck Triangle, cut off on all three sides by railway lines, has been offered to the city by British Rail and other sponsors, as the site for a monumental public sculp-ture. There would be no charge whatsoever upon public funds or ratepapyers, for sponsorship and private money were sought elsewhere, A competition was organised by the Arts Council and Yorkshire Arts among others, and a winner annonneed

A small exhibition now at the City Art Gallery (until October 23) explains the scheme. Anthony Gorm-ley's brick man will stand 120 feet high to greet travellers from all directions as their trains roll past. The project is now fully underwrit-ten and waiting only upon planning permission for work to begin. But the Leader of the Council has ordered the removal of the exhibition banner from the gallery, and there is every indication that the city fathers are about to refuse that permission.



"A Game of Patience," 1937, by Meredith Frampton

Peer Gynt

GATE THEATRE, DUBLIN

This year's Dublin Festival is certainly one to remember, and chiefly for the magnificent chiefly for the magnificent double contribution of Frank McGuinness. While his electri-fying and elegiac Carthogi-mans continues at the Abbey. Dublin's other chief theatre celebrates its 60th anniversary with a new McGuinness ver-sion of Ibsen's Peer Court in a coruscatingly eloquent and brilliantly staged production by Patrick Mason. It runs for nearly five hours with two intervals, one for supper.

intervals, one for supper. The play has not been seen in Dublin since the Gate's first season, when it became known as "The Playboy of the North-ern World." While this version (from a literal translation by (from a literal translation by Anne Bamborough) fellows initimily Been's five act sags, McGuinness and Mason make something deeply and coher-ently Irish of it. The moun-tain scaling, wild boy, of the first three acts, locked in bick-eting contest with his mother (superbly played by Dorem Hepburn), is a dead ringer for Christy Mahon.

Christy Mahon. More profoundly, the world

of the trolls and their massive

Barry Lynch as Peer Gynt 1

> a magnificent presence) seems directly related to Irish mythol-ogy and specifically to Yests's poetic distillation of it in the Cuchulain five-play cycle. Nor is there anything strange or remote to an Irish audience about a quest in the material

self. At the peasant wedding where Peer abducts the bride amid a Breughelesque swirl of bunting, dancing and drinking, the suited country boys gang m on the outerst. up on the outcast.

The production marks off these phases with three different Peers. Barry Lynch is the Garrett Keogh a wonderfully funny and rapacious power merchant in a white suit, and Joe Dowling, formerly Artistic Director of the Abbey, the reve-latory ship-wracked philoso-pher of the last act who finds the onion to be composed of all layers and no centre. These three performances are all outstanding. Peer never under-stands the mystery of his own identity except by flashes of lightning memory.

There are many similarities of picaresque tone and flexibil-ity to Ron Daniels' 1962 RSC production with Derek Jacobi playing Peer. But David Rud-kin's translation, also rather Irish, was fixated on a more Puritanical, perhaps more Prot-estant, vision of superstition and moral rectitude.

This production, softer, fun-Mountain King (Alan Stanford, world for a spiritual sense of nier, more lyrical, is bound in

with flowing cloths, painted skyscapes, steep black plastic storms, shadows, a burning orange desert, a brilliant caba-ret of livid green trolls with just a hint of Greig's music to punctuate the plangent, mus-cularly melodic folksiness of

Shaun Davey's fine music. Patrick Mason and his regular designer Joe Vanek have pro-duced something very special indeed. Even if it packs out at the

Gate for seven more weeks, the show, I am told, will lose £60,000. This will be money well lost. Perhaps Richard Eyre could do everyone a favour by slipping it into the National Thestre's South Bank repertoire as a Christmas treat? There could be no greater testament to the greater testament to the vibrancy and richness of much contemporary Irish theatre. It is, last but not least, a trium-phant vindication of the Gate's experimental, and internation-alist principles inherited from. Hilton Edwards and Michéal MacLiammóir and so imagina-tively renewed under Michael Colgan's current directorship.

Michael Coveney

Peter Maxwell Davies's most recent concerto was written on commission for the Philharmonia Orchestra, and specifially for its first trumpet, John Wallace. It had its pre-miere during the orchestra's Japanese tour last month, and Japanese tour last month, and its British first performance on Sunday (in a concert also including Elgar's *in the South* and the Mahler First Sym-phony). As it happens, Mr Wallace was in less than best form a this constant and the form on this occasion, audibly nervous and at times uncer-tain of pitch, and under Gia-seppe Sinopoli the orchestral rhytims were not always inci-sively defined. What was made clear, all the same, was a first impression of music sum-moned up with quite brilliant virtuosity to stretch and flatter a dazzling trumpet technique,

FESTIVAL HALL

"Dazzle" is perhaps also the word to describe the dominant impression which the 20-or-so-

minute single movement leaves in the mind. The com-poser's programme note told us that it is part of his advance working-out of ideas for an opera on the subject of St Francis of Assisi, and that the trumpet could be taken to represent the voice of the saint himself. The lyrical style of the trumpet-writing - which the trumpet-writing - which seems to unfurl in simple, shapely lines gradually flowering into arabesques over more ecstatic and curilcued - is cer-tainly chosen to focus light and compulsive interest on the solo instrument. At climaxes, solo and accom-panying voices are often swept

Maxwell Davies Trumpet Concerto

up into ringing unisons, and the presence of an underlying, unifying plainsong theme, which seamlessly knits together the formal units of the concerto and controls its pace and timing, characterizes the atmosphere of muninous open-air radiance. The pro-

which the music abounds place the Trumpet Concerto in the proud line of Maxwell **Davies's most graphically** In sum, I find this one of the composer's freshest, most freely inspired, most immedi-ate works of recent times. He

23

has always shown a special appreciation for the timbre and dramatic possibilities of the trumpet (ever since the early, "iconoclastic" Trumpet Sonata). The mature fulfilment of that appreciation is indeed masterly and thrilling.

Max Loppert

upon in this production -Osmin subjects him to a whole series of indignities during

Solche hergelauf'ne Laffen.

SALEROOM

Suffolk yesterday.

a scion of the house, in recog-

nition of his services to the

item of silver presented to the

Admiral, a centrepiece topped with his portrait, went to Simon Fraser, the Scottish horse breeder, for \$28,000, over

double its top estimate. The

Jockey Club was under-bidder

on both lots but the new own-

ers have agreed to present the silver on indefinite loan to the

Club's National Horse Racing

The London trade was out in

force to acquire family silver

which had been locked away

for generations. A typical price

was the £37,400 (as against a

£10,000 top estimate) paid for a

Victorian oval basket, weigh-

Museum in Newmarket.

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Jockey Club. Another mas

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message.

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Branagh's Henry V Kenneth Branagh is to follow in Lord Olivier's footsteps and film Shakespeare's *Henry* V. The co-founder the Renale-142 - 144 م^{ين} جد . . د سر . ب sance Theatre Company will head an all-star cast including Dame Judi Dench, Richard Bri-. ers, Paul Scoffeld and Emma Thompson. Branagh, who has adapted 100.00

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OPERA AND BALLET

winning 1944 version.

Paris Opéra. Rigoletto, conducted by

CITYCLASS

anchored by long and inimitable penetration into **Bournemouth Symphony Orchestra**

his souge. Any memorisms that cropped up in this recital were quicks of the personal medium, never kinks in the

FESTIVAL HALL **David Murray**

youthful exuberance.

The Bournemouth Symphony Orchestra has a new Principal new music from his native America we shall have to wait Conductor and its programme at the Festival Hali on Saturand see, but the first Brilish performance of John Adams's Short Ride in a Fast Machine day was largely designed to show him off to the London announced his arrival here in a flamboyant fashion: the piece is loud and fast, and over so quickly that one has little public. Andrew Litton, though the youngest ever holder of this post in Bournemouth, has come to the orchestra with a fine pedigree and this concert gave every sign that he will bring to his work there the opportunity to expect from it

nything else. Of all the minimalist composers that are fashionable at present, Adams shows the least adherence to minimalism as a twin virtues of discipline and His visiting card was an theory. The sound-world of explosive musical firework. Stravinsky (especially Whether Litton intends to introduce regular examples of Petrushka) comes rather to mind in this latest work and

the score is also comparatively inventive by minimalist standards, with about as much dramatic incident in its five min-utes as one might expect to find in 50 minutes of Philip Glass. If nothing else, it is at least too short to be boring. Not much to challenge Lit-

ton and his orchestra there, but in the second half they showed the strength of the new partnership in a well-executed performance of Holst's The Planets. Litton is always impressive when rhythmic impetus and general elan are called for, less so perhaps when he has to balance noisy

orchestral climanes; but, some excessive showmanship apart, he makes an authoritative director for big orchestral works like this. The central item on the programme was Brahms's Violin Concerto: Salvatore Accardo gave a technically more secure account of the solo part than the last time I heard him in this piece, but his playing is still short on tonal warmth and

generosity of spirit. More than precision and energy was needed all round here. **Richard Fairman**

The live birds were evicted long ago from William Dud-ley's Entführung sets, but with stuffed doves the aviary is still very pretty, and so are all the other pieces of his near-East-ern fantasy. When Glynde-bourne tours, the productions designed for its small home stage go along intact, so Nor-wich and Plymouth audiences can be as dazzled as the original Festival crowd. For the current tour Peter Wood's stag-ing of Mozart's *Singspiel* has been efficiently redirected by ganz, longer and more taxing than its dramatic function jus-David Edwards; it boasts a well-matched, mostly young cast who sing and speak in tifies, should be regarded as an optional extra. well-coached German Harry Nicoll makes an engaging Pedrillo, much put-

If one character stands out, it is Peter Rose's burly Osmin whose assurance and polish are no less remarkable in his comic playing than in his vocal

October 7-13

New York

attack. Though the lowest Yvonne Barclay is his willowy Blondchen, a trifle too languid notes in Osmin's cruel range to capture that lady's spitfire are mostly promissory so far, his manner has enough fierce side, but vocally well in control of her music. Rosa Mannion'a gentle, passive Constanze demconviction to make them pass. As the non-singing Pasha, Jon athan Veira is strong and dig-nified, without special onstrated real flair in the showpiece Martern aller Arten, once the slow arias were safely behind ber, and she blossomed nuances. On Saturday Martyn Hill's attractive account of Bel-monte had edges of strain, affectingly in the final crisis. blurring his normally elegant The conductor for most of the tour is Woiciech Michline, as if the voice were being forced beyond its natural scale. I think his Act 3 aria Ich baue

niewski: generally sympa-thetic, but his tempi need to settle a bit. His rattling speed for the overture left stringphrases ragged at the ends, and the closing "vaudeville" was too brisk to reveal its proper tenderness. There was some evidence of unresolved differences with singers, which will no doubt be put right.

David Murray

ARTS GUIDE

the play for cinema, will also star in and direct the picture, as Olivier did in the award-

London

Royal Opera, Covent Garden. Royal Opera, Covent Garden. The new production of Wagner's Rheingold is by Yury Lyuhimov, conducted by Bernard Haitink, with James Morris, Kennoth Rie-gel, Ekkehard Wiaschika, and Heiga Dernesch. Further perfor-mances of Twendet with Cover

Helga Dermesch. Further perfor-mances of Turandot, with Gwy-neth Jones in powerful form in the title role. English National Opera, Coli-seum. Three of the ENO's less successful recent productions make up the week's schedule, all of them relieved by strong casting: the new Pouniney stap-ing of La traviata, with Helen Yield as Violetta; Pouniney's rubbish-dump setting of Carmin, with Jean Rigby in the title role; and Jonathan Miller's Barber of Seville with Della Jones's sov-exeign Rosina.

Sizte Opera. In reperiory: Lucia di Lammarmoor conducted by di Lammermoor conducted h Rico-Seccani, with Luciana Serra, Paola Coni. Il Trovatore

.

conducted by Pinchas Steinberg. with Gabriele Lechner, Steinberg. Tocyzkz, Giuliano Ciannella. Boris Goudunov conducted by Maris Emler, with Ludmila Schemtschuk, Robangiz Yachusi, Noriko Sasaki, Heiuz Zednik, Maria Stuarda by Jonkaetti, con-ducted by Ion Marin with Asness Alain Lombard/Alain Guingal returns to the Palais Garnier after an absence of 18 years, with Neil Shicoff/Taro Ichihara, Alain Fondary/Manuguerra and Alida Fernarini/Christine Barbaux. It alternates with Julius Cassar conducted by Jean-Claude Mal-goire, a specialist in baroque maria strarue by Jonnaetti, con-ducted by Ion Marin with Agnes Baltsa, Maria Zampleri, Anna Gonda, Simon Boccanegra con-ducted by Clandio Abbado with Gabriele Lechner, Anna Gonda, Ginseppe Taddel. goire, a specialist in baroque music. Nicholas Hyiner presents in a production of remarkable beauty spiced by flashes of irony. (Bookings 47423371, information in 3 languages 47423750). Théâtre des Champs Elysées. Ballet National de Marseille with Ginseppe Taddel. Volksoper. In repartory: My Fair Lady. Ein Walzertraum by Oscar Straus conducted by Rudoif Bibl. Cosi fan Tutte conducted by Ron-rad Leitner. Der Freischlitz. Mignon by Thomas conducted by Ernst Maerzendorfer (51444 Ret serb) Hallet National de Marseille with Roland Petit: Inspiration Prevert, Cocteau, Kochmo, Music by Kosma, J.S. Bach and Sauguet, decors by Brasset and Picasso, Wakhevitch and Christian Ber-ard (47203637).

Vienne

Fidelio (Deutsche Oper). A Jean-Pierre Pannelle production con-ducted by Heinrich Hollreiser. Aus einem Totenhaus by Jana-

Rat 2662).

Berth

cek is revived with Helga Wis-niewska, William Dooley, Peter Maus and Hermin Esser. Zar und Zimmermann feetures Gud unu zammermann festures Guil-run Sleber, Andres Schmidt and Uwe Peper. Los Alamos, specially composed for the Berlin Opera by Marc Neikrug, has cast lod by Angela Denning and William Dooley.

Hamburg

Hamberg Der Barbier von Sevilla (Staatso-per) stars Janice Hall, Yoko Kawahara, Alejandro Ramirez and J. Patrick Raftery. Die Zaub-erflote with Hellen Kwon, bull-liant as the Queen of the night. La Boheme brings ingether Cris-tins Rubin, Patricia Wise, Urgan Malmberg and Haraki Stamm. Arischus and Navra has fine inter. Ariadne auf Naxos has fine inter-pretations by Hildegard Hartwig, Ceiina Lindsley, Dieter Weller and Klaus Konig.

Cologne

Turandot (Opera). Olivia Stapp outstanding in the title role, the cast also includes Hubert Mohles Dieter Schweikart, Janice Hall and Juan Lloveras. Ein Sommer-pachistrann is steered to tri-umph by Paul Esswood and Daria Brooks.

Semirande, newly produced by Pier Lingi Pizzi highlights the week with Cheryl Studer and Kathlenn Kuhhman. Eleana Cotrubas lieder recital with planist Teodor Paraskiwesco with songs by Georges Enesco and Franz Liszt.

Rome

Testro Olimpico (Pizzta Gentile da Fabriano), The ISO Dance

Theatre of New York, an acro-batic dance company formed in 1966 by four members of the Momix group: 150 stands for "Tm so optimistic." (Wed, Thurs) (3601752 or 3962635).

Testro Alla Scala. A co-produc-tion by the Ballat National de Marseille and the Berlin Deut-sche Oper of Roland Petit's Ballet L'Angula Arguna hased on the L'Angelo Assuro, basei on the novel by Heinrich Mann, with music by Marius Constant and scenary by Josef Svoboda. The cast includes Luciano Savignen Roland Petit, Jeanno-Pierre Aviette und the schwei Mohm Aviotie and the singer Molva (now well known outside italy for het dramatic performance of songs by Kurt Weill) (80.91.25).

Turín

Tentro Regio. Last two operas of Wagner's ring cycle produced by Gianfranco de Bosio and designed by Attile Kovacs and Santursa Call Soltan Pesko con-ducts Sieghtied with Ortrun Wen-kel, Graham Clark, Gerd Brenneis and Heinz Ecker, and Götterdämmerung with Stelia Doz, Beinhild Runkel and Wolfgang Schöne.

Florence

Testro Comunale. Verdi's Simon Boccanegra opens season; a faith-ful reproduction of the version given at the Scala in 1881 under given at the Scala in 1880 under the close supervision of the com-poser, produced by Virginio Puecher and designed by Raf-faele del Savio. Giorgio Zancan-aro sings the title role, with Maria Chiara and Sandra Pacetti alternating in the part of Amelia. Constructs in Marine Winn Conductor is Myung-Whun Chung (Tues, Thur) (2779286).

New York City Opera (State The-ater, Lincoln Center). The week features Jay Reise's Rasputh, which was commissioned by the company, and is conducted by Christopher Keene and directed Christopher Keene and directed by Frank Corsaro, with John Cheak in the title rols. The week also includes the new production of Rigoletic, conducted by Elio Boncompagni and devised and directed by Tito Capobianco, along with the revival of Dougias Moore's The Ballad of Baby Boe with Faith Esham, Joyce Castle and Timothy Nolen conducted by Hal France. (456 0600). Metropolitan Opera (Opera Metropolitan Opera (Opera House, Lincoln Center), the sen-son opens with a repertory including Julius Caesar, Il Trova tore, Das Rheingold and Locia mermore. (362 6000).

Chicago

Lyric Opera (Civic Opera House) Donato Renzetti conducts Mirian Ganci as Lisa and Frank Loparda as Elvino in Sandro Sequi's pro-duction of La Sonnambula. (332 2244).

Tokyo

Bolshoi Ballet. Golden Gala (Wed), Giselle (Thurs). Koscinenkin Hall (235 1961). Yoko Morishita and the Matsuyama Ballet. Balauchine evening. Serenade, Apollo, Theme and Variations. Tokyo Bunka Kaikan (Wed, Thurs) (366 9999). Butoh. Hideshima Minoru. Solo performance by a leading expo-nent of Japan's avant-garde dance form. (Wed, Thurs) Shin-juku Vie Plan (369 9650).

Jockey Club is runner up The first major fine art auction organised by the Prodential — the disposal of the family silver by the Earl of Stradbroke, the ing 270 ounces, made in Lon-

don in 1878. The first day of the three day auction brought in £621,655, eccentric Australian sheep farmer who inherited the title in 1963 - got off to a roaring start at Old Henham Hall in

auction brought in £521,655, way above target, with only one of the four hundred plus lots failing to sell. Sotheby's secured a record auction price for a Qur'an of £159,000, for just seven lines of the Islamic Holy Book written on one leaf. But the leaf mea-sures 184 cm by 115 cm and is In a marquee near the site of the demolished family home the demolished family home the top lot, a pair of Victorian six light presentation candela-bra, sold for \$71,500 (as against a £50,000 estimate) to Jeffrey Bottomley, who runs Kings-bury Cards of Aylesbury. He bought it, along with many other items of silver, as an investment for his company sures 184 cm by 115 cm and is one of only three leaves from **Prince Baysunghur's Great** Qur'an, written in Herat in the early 15th century, to have sur-vived. It was bought yesterday, for three times its estimate, by a private collector in the Mid-dle East. investment for his company pension fund. The candelabra had been given in 1866 to Admiral Rous,

Mohamed, a London dealer. paid £44,000 for nine leaves written by Ahmed Qarahisari, the most outstanding calligra-pher of the reign of the Sultan Suleyman in the mid 16th century. The lot with the highest estimate, a late 16th century copy of the Shahnama, the Persian folk history, was unsold at £38,000.

Christie's South Kensington was holding a country house sale at Hawling Manor, near Cheltenham, the home of the late Mrs Mary Dent-Brocklehurst. Top price was the £35,200, against a top estimate of £9,000, paid for a Derby botanical part dessert service with 48 pieces, produced around 1795.

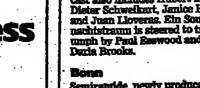
Antony Thorncroft

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FINANCIAL TIMES

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Tuesday October 11 1988

Exchange rate riddle

LIKE THE oracle of Delphi, the Chancellor of the Exchequer is regarded as an authoritative, if obscure, prophetic source. His words have become more obscure since the clashes with the Prime Minister and her adviser, Sir Alan Walters. At one stage he was even reduced to the implausible suggestion that his words should be ignored altogether in favour of a Kremlinological interpretation of his actions.

Such protestations neither stopped the flow of words nor discouraged the market from analysing them. The key ques tion for the market now is whether his remarks over the weekend should be seen as conducive to sterling apprecia-

The movements of sterling yesterday were not particularly dramatic: the effective index went up by about half a point and the rate against the D-Mark rose by 1% plennig. It is far too early to tell whether this is the beginning of a trend or just a twitch. None the less, the movement suggests a shift towards belief that sterling now has a floor at close to present levels.

Because of the tightening of monetary policy that has occurred over the past few months there has been a major change in the interest rate dif-ferential vis-à-vis the D-Mark. From a minimum of 4.1 per cent on three month money in mid-May the spread rose to no less than 7.5 per cent at the end of August. It remains close to 7 per cent now.

Uncertainty

Markets will respond to such s carrot. Indeed, sterling can remain stable against a cur-rency like the D-Mark in the short term only if those on the margin of switching a part of their portfolio into sterling expect, on balance, that sterling will depreciate at equivalent rates over the period of their investment.

At the moment all exchange rate expectations are undoubtedly very uncertain, an uncertainty that the British Govern-ment has done much to create. There is presumably a spec-trum of doubt, ranging from those who believe in an exchange rate floor to those who are convinced sterling will

collapse At the time of the release of the disastrous July trade figures, there was a sharp swing towards the latter view. Higher interest rates were then a nec essary condition for holding the exchange rate up. But conditions have since changed Sterling has been steady, the trade figures for August have turned out to be better than those for July; and the Chan-cellor has again reminded the world that he believes depreci-

er-productive. Upward drift

The balance of sentiment must have started to shift. If so, a short-term interest rate differential of 7 per cent is not to be sneezed at. So one might now anticipate an upward drift in sterling, an upward drift that will be arrested either as sterling reaches an obviously unsustainable level, or by an

ation of sterling to be not

merely unnecessary, but count-

interest rate cut, or by some unforeseen event. If the Chancellor wants to prevent appreciation, while maintaining much higher interest rates in the UK than those in key partner countries, he must leave doubt about the future course of sterling. But he does not want too much doubt about the floor because of the intensity of demand pressure in the domestic economy. In informing industrial-ists and trade union negotiators that they are not going to

be bailed out by depreciation, he is also telling foreign exchange markets that sterling is a pretty good bet. Appreciation may well help in controlling inflation, though it is probably not what the Chancellor wants. But he cannot openly admit the alternative, that he is prepared to see sterling depreciate at a rate consistent with the desired interest rate differentials. At present the exchange rate policy is a riddle wrapped up in an enigma. He must hope that the present combination of relatively high interest rates and an obscure policy for the exchange rate will prove suffi-cient to prevent a sharp rise in the underlying rate of infla-tion. If not, much of the Gov-

meeting on Sunday, the directors of First Boston, the oldest publicly-held investment bank on Wall Street, agreed to a plan which will subsume their firm into a new privately-owned investment bank which aims to have worldwide reach. It is a move which some argue symbolises the eclipse of Wall

Street in the face of rapid growth in the international financial market place. The plan will bring together First Boston, its London affili-ate Credit Suisse First Boston and a new firm to cover the countries of the Pacific as autonomous entities under the umbrella of a new holding company, CS First Boston. CSFB and fts two parents,

Credit Suisse, the third largest and oldest of Switzerland's banks, and First Boston, have together raised more money over the last few years in the world's securities markets

than any other group. However, these outward signs of success have masked significant internal strife between executives at First Boston and those at CSFB. much of which has derived from the significant changes over the last few years in the ways people raise money in the international capital markets.

The division of responsibili-ties between First Boston and CSFB worked well when the joint venture started in 1978. First Boston would cover the US markets and some in Asia, including Tokyo - for what that was worth to an international securities operation at the time. Credit Suisse would continue to cover the Swiss markets, while CSFB would take the Eurobond and the other international markets.

This became increasingly inappropriate as barriers to capital movements fell. The ending of exchange controls in Britain and other countries over the past 10 years has helped to bring about a quadrupling of international capital vements by large institutional investors, banks and multinational companies, New products and computer technology have also helped to transform the market.

The relatively new market in currency and interest rate waps has taken the international bond market into another dimension. Swaps allow the exchange of one stream of cash flows (for example, the interest payments on a fixed-rate bond) with another stream (such as payments on a floating rate note) in a way that allows both parties to reduce their horrowing costs. ernment's achievement will be



executive officer of CSFB. It was realised two years ago that something would have to change. In September 1986, matic. US borrowers in First Boston's backyard, probably with relationships with First Boston, needed to use CSFB to get the cheapest funding. CSFB began to market its product in half-a-dozen executives were given group-wide responsibil-ity. But the problems appeared the US, occasionally competing with First Boston.

Arguments raged on how to divide the spoils, which inten-sified as a series of problems the summer of 1987, CSFB and started to hit First Boston last its two parents - Credit Suisse and First Boston, began to talk about a complete restructuring ear. The firm lost large sums of money trading in options and in mortgage securities, while, upset that the vast profof their tangled relationship. The Swiss bank owns 60 per its they were making were being swallowed up by profi-gate trading teams, the two cent of CSFB and First Boston has 40 per cent, while CSFB in turn owns 40 per cent of First Boston. It became clear that stars of the firm's mergers and the only solution would be to create what Mr. Hennessy calls "a common bottom line". In acquisitions team, Bruce Wasserstein and Joe Perella, walked out to set up a venture of their own. other words, the way to per-

The view at CSFB was that sumie a set of aggressive, ambi-tious investment bankers to First Boston, whose reputation vas on the wane, was swallowwork together was to assure ing too large a share of the them that they were all work-

1987 financial results

	Financièr First Box		First Bo - Inc(Se)	-tout	Credit Suisse	3-3°
Hevenues .	297	·•.	1.332		1.827	
Net income	115		- 109		346	
Shareholders' equity*	588	۵۰ منیز.			4,022	
Assets"	2,858		36,148		ST.447 .	· · ·
Employees	1,293		5,535		15.029	• •

lew York; Ha The new team (I to r): Jack He William Mayer re as chairman

The solution decided upon was to create a lightly-staffed holding company based in New York, but allow three autonomous satellites to operate in their three markets, Europe, to be run from London, America run from New York, and a new operation to be created in the Pacific region with headquar-ters in Tokyo.

Stephen Fidler and Janet Bush on the Credit Suisse, First Boston merger

Swallowed by its offspring

What has been created, how-ever, is of more significance. With the approval of the US regulators, it has placed a bank, Credit Suisse, within a hair's breadth of control of one of the most important securi-ties firms on Wall Street. As a legacy of the Wall Street crash of 1929, commercial and investtaken with quarterly income statements in mind. Paradoxically, the second advantage is that it will also allow the firm to go public again. This possibility, which has yielded extraordinary ment banking has been sepa-rated in the US since 1988 by the Glass Steegall Act. Credit Suisse's stake in First Boston riches for partners in other firms which have gone public, such as Morgan Stanley, is an incentive for management to was permitted because it was arms length in nature - by way of CSFB. The Swiss bank stay on board at least until the is now in position to move fur-ther into the securities indusnext boll market. try if, as seems likely, Glass Steagall crumbles away. Nevertheless, there will be big cash payments to senior figures in the two companies

In the event, the Federal Reserve has placed constraints on Credit Suisse's influence on the new firm's decision-mak-ing. While Credit Suisse will hold 44.5 per cent of the new firm's shares, it will nominate only one member of the fiveman board

The deal also envisages that up to three other investors among the 155 parinets in both firms will not be apparent until the proxy statements are made public in a couple of weeks. However, those that stay, will would be invited to join the newly-private partnership and officials would distinctly prefer a Japanese partner. This is an attempt to do what most westroll all their capital into the new outfit. ern financial institutions have failed to do: carve out significant business in Japan.

sound, the winners appear to be those who have hitched themselves to the CSFB cance... It is an implicit recognition of the shift of financial power Out goes Mr Alvin Shoemaker, First Boston's chairman, who the firm says did not want to commit blinself to the long. towards Tokyo and the idea that capital outflows from Japan are more than a tempo-One potential problem is the hanl. Mr Peter Bachanan, pres4 fact that the Japanese Ministry ident and chief executive of of Finance has so far restricted

Perelia, the mergers and acqui-sition boutique set up by First Boston's former stars, could be a candidate to take a stake in CS First Boston.

Running the European arm of the new enterprise will be Mr Hans-Joerg Rudloff, who Taking the firm private also Taking the firm, private also has its advantages. For one thing it allows the company to avoid many of the wearsome-tasks required by the Securi-ties and Exchange Commis-sion, and the public reporting of profits which must take will move back to London from Switzerland and who has achieved an ambition to head the leading house in the Euro-bond market. Mr Rudloff's rep-utation is formidable. He is one of the few senior executives in the Eurobond market not to ce quarterly in the US. This lose his feet for the nitty gritty of the business. His "long mar-ket antennas" have helped in turn will reduce the neces sity for short-term decisions

build CSFB into the force it his today ...

"In all honesty, First Boston will become a subsidiary of CSFB under the new set-up," said Mr Perrin Long, who tracks the securities industry for Lipper Analytical Services in New York.

Of the four leading managers of First Boston, only one seems to have emerged in an infinential position in this shake-up Mr William Mayer who will head the US operation of the combined company.

Stanley scale - which are, likely to tampt some execu-tives to leave when the private, shareholders are bought out, particularly those executives In New York, the demotion. of First Boston's management of First Hoston's Intragement is also seen in terms of a shift of perception about the impor-tance of US securities markets in the global investment pic-ture. The bond market has been difficult for the last three who are losers in the power battle. Who is entitled to what years or so and the October 1987 stock market crash has taken the shine off equities.

> Others, however, see it as a direct reflection of difficulties. at First Boston. First Boston has seen some real ups and downs in the last two years and a lot of departures," said Mr Lawrence Eckenfelder of Prodential Bache,

In taking part in the creation, of CSFB 10 years, ago, First Boston - produced an offspring that would eventually swallow

firmly that his future lies in investment banking rather took a stake in Wasserstein, than politics.

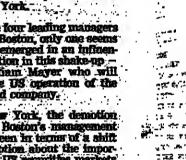
as part of the reconstruction -

although not on the Morgan.

Certainly, in terms of per-

York; Hans-Jourg Rudlott in London ing the Wall Street firm

FINANCIAL TIMES TUESDAY OCTOBER 11 1988



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Time to rethink Lome convention

in peril.

THE forthcoming renegotiation of the Lome Convention has provoked trepidation among the 66 developing countries from Africa, the Caribbean and the Pacific (ACP) which benefit from the special arrangements it accords them in their trade with the EC.

with the EC. The renegotiation, which gets under way formally in Luxembourg tomorrow, coin-cides not only with the Uru-guay Round of multilateral trade liberalisation talks but also with the EC's own con-tinuing affort to demine a cirtinuing efforts to develop a sin-gle internal market by 1992. Both of these could erode some of the privileges which ACP countries have traditionally enjoyed in European markets. Not surprisingly, many ACP countries are approaching the renegotiation with the aim of protecting and deepening these privileges

The Lome Convention provides the ACP countries with duty- and quota-free access to the EC for all industrial products except rum and for agri-cultural products which are not covered by the EC's Common Agricultural Policy. It also provides special quotas for sugar and bananas.

Widening gap

On paper this is generous treatment, but Lome has not been of much help in promo-ting development. The ACP ting development. The ACP countries remain very poor. Many, especially in Africa, have recently been getting poorer. The gap between them and other developing countries has widened conspicuously. Attempts at industrial develop-ment have generally failed; most ACP countries remain simple exporters of raw materi-als and commodities.

Most of the reason for this is bad economic management on their part and an unfavourable international economic envi-ronment. But Lome has done virtually nothing to offset the latter. For example, its concessions on industrial products such as textiles are hedged

about with safeguards. The rules of origin applied by the EC work to the disadvantage of ACP countries by penalising them if they procure raw materials or components for industrial goods from outside countries. This has dis-

arrang

prices

couraged them from entering the low-technology assembly sector which plays such an important role in countries like Thailand.

One solution would be to refine the rules of origin to broaden the range of sourcing possibilities for ACP countries

possibilities for ACP countries and so eucourage inward investment from other parts of the world. In the case of ter-tiles the ACP might do better to negotiate quotas that carry a guarantee of generous mini-mum levels of access to EC markets.

Reappraisal

There is no doubt that the renegotation will focus heavily on technical points such as these, but it is important that the discussion takes place in a spirit of fundamental reap-praisal of what Lome is all about about.

about. Developing countries are increasingly being told by their. partners in the Gatt, by the international Monetary Fund and by the World Bank to eschew subsidies and protec-tionism and opt for more mar-ket-orientated policies. It seems inconsistent to nervetuseems inconsistent to perpetu-ate a system of apparent concessions that may militate against structural adjustment. For the EC this would in turn pose some awkward ques-tions. While appearing gener-ous in principle, the Commu-nity's concessions under Lome

have in practice been window-dressing, behind which lurks a determination to protect its-own farmers and businessmen. The embarrassing result is a development policy whose tar-outs have remained among the gets have remained among the least successful economies in

the developing world. A more rational approach would involve choosing between a system of truly meaningful concessions or one of genuinely liberal, non-dis-criminatory treatment. Fair trade relations with ACP coun-tries should not involve continuing restrictions against agriculture products like sugar. The EC should remember that its quota system for ACP sugar at inflated European prices would not he nec-

The swap market has also meant that borrowers are no longer anchored to the currency they actually require, since they can swap not only from fixed-rate into floating rate funds, but also from one currency to another. Conserva-

tive estimates suggest that at least 65 per cent of new Euro-bond issues are swapped. The implications for CSFB and First Boston were dra-

No singing

in the rain Crowds still turn out in some force to watch the arrival of the Princess Royal and ders what Thames Television will make of it before it goes out quasi-live on FTV at Spin on Thursday. assorted movie stars at a spe-cial occasion at the Odeon, ster Square. The occasion

was the tribute to Dirk Bogarde by the British Acad-emy of Film and Television Arts and Shell UK. And it was, at times, a bit of a shambles. Pushing it The Princess Royal, who was The September issue of the principal guest, arrived about one hour late. It was Lloyd's Log, the official maga-zine of the Corporation, has caused a stir. It contains a also raining and a drain overcansed a sur, it contains a short story by Jeffrey Archer, husband of Mary, and a visit-ing card on the cover from John Wakeham, Leader of the House of Commons. Mary Archer is running for election to the Council and Wakeham flowed. Those inside the cin-ema could watch on the televition monitoring system pools of water repeatedly rising on the red carpet outside. A man in a cloak would frequently go out to brush the water way; then it would rise again is backing her. Another man played on at the old Odeon organ. There were calls for him to switch to Sin-ght' in the Rain or even the **Buying Punch** ■ David Taylor, the second man in the course of the last 12 months to be sacked as the editor of Punch, has joined

gni in the Ram or even the Dam Busters' March. Eventually the Princess arrived. Her lateness may have upset Bogarde, whose own appearance on stage was then delayed. He did not come on in the best of tempers. He quartelled about his script, said that he couldn't read it and complained that they were showing the wrong clip of one

showing the wrong clip of one of his movies. A range of stars had been brought in from all over the place: Leslie Caron, for example. Bogarde would kiss them; then they were shuf-fied off-stage. He told a long story about the actor, Denholm Elliott, who also appeared, and said it wasn't very funny, but filled in the time. For a while it seemed that Bogarde might walk out altogether.

walk out altogether. Yet suddenly he perked up and told some skittish tales of life on screen and stage. His appearance in Shaw's The Doc-tor's Dilemma had been a box office failure, he said, because sary if its own internal sugar trangements had not done so too many people had expected it to be another in the series much to depress world market that started with Doctor in the House.

" At your and 180

money it was making. This was more than an accounting matter because the earnings of management were directly tied to how the firm's profits were

to how the links product the carved up. "We were all spending more and more management time trying to sort out these types of differences," said Mr Jack Hennessy, president and chief Mr Henne

It was fortunate that the occasion was not being tele-

forces with another ex-editor

of the magazine: William . Davis, But there is more to

the story than two old pals getting together. Davis is now chairman of Headway Publications, the

magazine group which pub-lishes among other things Business Life and High Life, familiar enough to passengers

on British Airways. It was Davis who hired Taylor at Punch in the first place and

offered him a job at Headway last year. Taylor preferred to give the editorship of Punch

a go. Hs was summarily dis-

missed last month and will

Davis has further ambitions, however. He wants to buy

now edit Business Life.

Punch and is not without

resources. Headway is now owned by the Maxwell group.

The problem is that the pres-ent owners, United Newspa-pers, do not want to sell A

renewed approach was made

vised live. Even now one won-

OBSERVER

ing to the same end. However, the view was that although the establishment of a monolithic investment bank would ensure the desirable common bottom line, it would bring other problems. "We don't think we're smart enough in London to run basinesses in New York or Tokyo,"

SV SAR

to get worse not better.

In meetings which began in

18 per cent direct equity investment in an overseas brokerage. This could mean that CS First Boston has to find two financial institutions to split the 30.5 per cent stake which will be left after Credit Suisse and the firms' employees have taken up their shares. One of the most tantalising

possibilities is that Nomura, the leading Japanese securities house which earlier this year

First Boston, will be in that position in the new firm only es to a 15 to until next September, when Mr Hennessy takes over. Mr Hennessy is a former official of First Boston but is regarded in New York as being close to New York as being close to Credit Suisse and its chairman, Mr Rainer Gut, who will take over as chairman of the new company. Mr Hennessy was at one time thought likely to be heading for office in Washing-ton if Mr Bush wins the race for US president, he now says

its parent and has provided an is for a joint venture to change direction. Over the decade, CSFB has developed a reputa-tion for far-sightedness in tion for far-signedness in international markets that left, most of its competitors bob-ling like corks in its wake. The question now is whether yes-terday's deal will place the firm, as it says, to take the lead in the international capital markets of the 1990s markets of the 1990s."



"Apparently it's to ease overcrowding in the priso

last week, but Lord Stevens, the chairman of United, is sit-ting tight and the word is sim-ply that Punch is looking for a new editor.

Wor Jackie

No-one who grew up in the north east in the 1950s can have heard of the death of Jackie Milburn without a pang of nostalgia, Milburn was the man who seemed to put New-castle on the map, and even people who were not much interested in football followed his career with respect. New-castle United, with Milburn as centre forward, won the Cup three times: in 1951 against Blackpool, in 1952 against Arsenal and in 1955 against Manchester City.

In fact, the club's really great playing days were already behind it. Between 1905-11 United were cup final-ists five times, and although they won only once - against Barnsley in 1910 - they thrice

won the league. The Milburn won the league. The Milburn period was a pleasant revival. Since then almost nothing-seems to have gone right, at least for any length of time. I have often wondered what would have happened to Mer-seyside if it had not had good football teams to keep up local spirits. Newcastle has done without and is currently around the bottom of the first division. Today the city centre by the main station, must be among the most desolate sites in the country. And although there are promising develop-ments clightly to the most ments slightly to the north, and south of the river in Gates-head, a resurgant Newcastle United would make all the dif-ference in the world to morale.

The place still produces good players, but sooner or later they leave for Liverpool, Arsenal or Tottenham Hotse Milburn never did that.

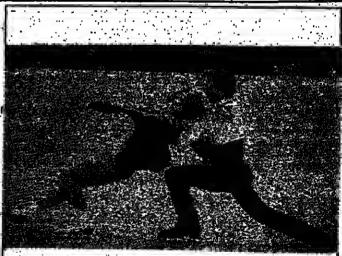
Banking form

R NatWest is pleased with itself. Members of its staff won the first eight places in the Banking Diploma Examina-tions of the Chartered Institute of Bankers held in May. Three of the top places went to women and the bank also won more than half of the top 50 places. There were 758 candi-

iates. The outright winner was Marc Watton, who works for the NatWest Group at the Deutsche Westminster Bank in Düsseldorf. Top among the Don-NatWest candidates was Joanne Fredley of Lloyds Bank. The NatWest success rate, which has never reached this level before, is attributed partly to the revision courses held by its Technical Training Unit

Saaintly reply

"By-election heckle: "I wouldn't vote for you even if you were St Peter himself." "If I ware St Peter, Madame, you woukin't be in my constit-uency."

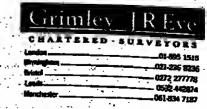


A balance of skill and flair In buying, selling, letting or seeking

properties, do you have the necessary up-to-date knowledge and understanding to handle your requirements effectively?

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ares statistic provide

Kuwait and BP: a diversion from long term issues

From Mr M G Ruczonski The Monopolies and Mergers Counsission and the Secretary of State may have allowed to . slip away an opportunity, how-ever modest, to promote the long term public interest as far as the Kuwaiti interest in BP is concerned.

The world oil market has been in continuous disruption since the early 1970s. The dissense, the fault of the preced-ing four decades of market management by the oil majors, including of course BP, acting under the aggis of the US. That arrangement did not succeed in identifying the long term in identifying the long term, public interest in advanced countries, let alone the Third

World During the long world boom of the 1960s, for example, the oil majors continued to shave

the price of an important exhaustible resource. The first oil crisis, with its aftermath of protracted fluctuation and painful industrial readjustpaintui intenstrial readjust-ment, was eventually the inevi-table result of such short-sigh-tedness. (The Organisation of Petroleum Exporting Coun-tries, far from being "one of the great cartels", as Lord Young suggests, has so far been opening a much with idsed been openly a much publicised epiphenomenon in the legacy of a quietly effective, but ulti-mately truly inefficient, cartel.) mately truly inefficient, cartel) In scarce materials the real issue for the long term public interest is not, as the MMC does recognise, that of free ver-sus managed markets. Rather, it is to achieve the free work-ing relationship between those who ultimately control the deposits, and those who ulti-mately control the technology

With the uncertainties and institutional lags of the real world, a socially efficient but market-mediated balance between these two distinct interests would be fortuitous. As night follows day, the excessive advantage of one side is born of its previously exces-sive weakness; and the public interest takes a ride on the inflationary/deflationary roll-

LETTERS

of extraction and processing.

Help might be at hand, however, as it is recognised in a faultlessly orthodox Chicago tradition, if links of cross-ownership were to exist between the two sides - deposit owners and technology-owners -while their ultimate interests remain distinct. It is precisely the distinctness of ultimate interests, invoked by the MMC services the Kurseti furestment against the Kuwait Investment

importance that honest differ-

fudged, but openly argued out in the run-up to next year's European elections.

As a start could we be told

who the Conservative federal-

ists are and who among the remainder would support some form of political union as the

ences of view should not be

Office holding, which serves to protect the public interest. This country has a long run stake in energy products, in coal if not in oil. Washington,

even in the face of obvious budgetary advantages, is stub-bornly resistant to a sensible price. BP's North American production is prospectively on the wane. It is likely that the larger the Kuwaiti holding, the less probable, tactically or politically, is an inopportune liquidation. Given the relative importance of BP and Kuwait as players on opposite sides, it is a pity to think that the government may have simply have done its small bit to keep bedevilled the relationship which is at the root of the nat ural resource problem. M.G. Kuczynski,

Pembroke College, Cambridge

Honest differences of view

Non-voting

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Sir, Would it not have been a more elegant solution of the BP/Kuwait problem to have transferred the surplus shares to a non-voting trust? This would have had the effect that as long as the shares were owned by the Kuwait Investment Office they could not be

Ian Morrow, 2 Albert Terrace Meios, London NW1

A selfish

clairvoyant

CIALIFVOYATIT From Mr R Branson Sir, Could you please tell me where I can order the spectacles to improve the short-sightedness to which Lex referred (October 57 I didn't realise that corn the Lex column had such a pair which could have forecast the October crash. If this was the case, you could have been good enough to share them with the rest of us. Richard Branson, Chairmon, Vergin Group, 100 Complete Hur Boad, London WS

Initiatives in

inner cities

From Dr C Coulson-Thomas Sir, Mr P.H. Corby (Letters Sir, Mr. P. H. Corby (Letters, September 26) in response to your editorial "Partnerships in Inner Citics" (September 23) emphasises the need for "roal" initiatives to tackle the social and economic problems of the inner cities. One such initiative is Project Frontline which is currently economic which is currently

From Mr Roland Freeman Sir, Mr Derek Prag MEP ingeniously sidesteps the split among the 45 Conservative MEPs over European political union by suggesting that they hold 45 different views. If this is true on such a fundamental issue why house a Party errors issue why have a Party group at all?

There is a clear choice between Mrs Thatcher's limited perspective of a single market by 1992 as the final stage in EC development and the alternative strategy of moving towards political union. Several Conservative MEPs

next move to be taken after are known to be federalists while others prefer a less cen-tralised approach to union. 1992? **Roland Freeman** Gaufere House, than the federal concept implies. 22/23 Gaufere Street, London SW1

100MPH

AT MIGHT

Why stable The Thatcherite wing, howexchange rates must be

ever, wants to block political union and even opposes a com-mon currency and central bank which would arise natu-rally out of the single market adjustable structure. These matters are of such

From Mr W Grey Sir, The Group of 30, in a saying quoted by Samuel Brit-tan ("Fund-Bank conference tan ("Fund-Bank conference notebook", September 29) with evident approval, has charac-terised the exchange rate as "the single most important price in the economic system, unambiguously defined with instant data available." From this much else follows

First and foremost, a stable price must be the best. "The instability of floating rates," according to Peter Kenen (FT, same date), "creates large real same tates, creates large rear economic costs" - which are no less real, of course, for not being exactly quantifiable. Only stable exchange rates can reconcile the interests of all concerned - businesses

and individuals as well as nations and international communities.

Nevertheless, in an ever-changing world, stable rates must be adjustable. The key question here, pinpointed by Mr Brittan, is how the adjustment burdens should be shared between the weak and the strong - and, it may be added, how the need for adjustment can best be minimised, if not eliminated, at the international as well as national level.

Internationally, the disciplinary powers of the IMF, as the best world central bank we have, need to be strengthened to be able to bear on persistent debtors and creditors alike. Thus, at the next review (now deferred until next spring) of IMF quotas, those of major sur-plus countries should be increased more than proportionately, and the extra funds

"managed floating" should be precisely what it says.

On the one hand, exchange

rates, being such a sensitive

barometer of an economy's internal as well as external bal-

On the other hand, economic

policy-makers, far from stand-ing idly by ("benign neglect"),

must take appropriate other

measures (monetary, fiscal,

etc) to keep the economy and hence the exchange rate

stable throughout.

12 Arden Road.

Vying for the of sanctions against South Africa is the The south Africa is the premise that the National Party Government can be made, through economic pressure, to change its odious laws and ways. The contrary case is that sanctions most hurt the ones in need of help, South African non-whites, that a precked or size economy is soul of the Afrikaner wrecked or siege economy is not a desired precondition for an orderly transference of power and that, in any event, the National Party will never buckle under to that sort of leverage. In both contentions, a role is assumed for the National Party, which has formed a majority government for 40 years, the last 10 under President P.W. Botha. It is Jurek Martin examines the rise of the Conservative Party in either going to effect change or block it. Under Mr Botha, it

The basic case in favour

has often seemed to try to do

both, sometimes simulta-neously, never satisfactorily.

Party ceases to govern South

Africa or is no longer the mas-ter in its own house? This

might seem wishful thinking,

though it is worth recalling

But what if the National

State: they may even symbolically take the national capital, Pretoria; they might force a general election within a year or so which might, according to some calculations, result in

that 18 years ago, the infamous "tar baby" memorandum, drawn up by the US Govern-ment, assumed that not only the white governments of South Africa and Rhodesia but a hung parliament. Western diplomats, business-men, Conservative Party leadalso the Portuguese colonial regimes then in place in coun-tries like Angola and Mozambique would be around for the to think that it can be reverse foreseeable future. Within a decade all but that in the Republic had disappeared and African rule of Africans had party as "a burnt out case".

> ness of the Government. To Mr Frank le Roux, Con-servative chief whip and one time deputy Speaker when a National Party MP, the Presi-dent's appeal to Dr Treumicht

vaal and the Orange Free

South Africa

ers, what is left of South Africa's liberals, members of the Government and non-white politicians seem to disagree only on the speed of the Con-servative advance. Few seem in the short term. One Western ambassador describes the National Party as now devoid of inspiration. Dr Dennis Worrall, the former ambassador in London who returned last year to found the Independent Party, dismisses the roling Mr Stoffel van der Merwe, the National Party MP and Minister of Information, naturally puts a different spin on events but concedes that he is "really worried" by the poten-"really "huge" drift to the poten-tially "huge" drift to the Con-servatives. He complains that opposition parties do not have to make "compromises with reality" and emphasises how "painful" President Botha finds the divisions in Afrikanerdom. That is why, he says, the Presi-dent made his singular appeal for Afrikaner unity to Dr Treurnicht last month. "Yon could say," he goes on, "that P.W. Botha has had a much more harrowing time in the last 10 years than Nelson Mandela," a remark perhaps designed to provoke his interviewer but perhaps also reflec-tive of the constant defensive-

excursions to Mozambique,

was tantamount to a most extraordinary concession. Before, he argues, Mr Botha had always spoken in the name of South African unity, whereas now he knows that this is not what really counts. On all the issues now consuming parliament - revisions to the Group Areas act, the free the Group Areas act, the free settlements bill, establishing certain designated districts as open to residence by all South Africans, regardless of colour, and the creation of multi-racial regional councils – Mr le Roux sees Mr Botha as being caught between two constituencies, white and non-white, losing both and gaining nothing.

He may be right. The trica-meral legislature, which includes "coloureds" and Indians, has been meeting in unique joint session in Cape Town to "consider" the above bills, which the Government has said it will ram through anyway. Most significant has been the opportunity afforded to the Rev Allen Hendrickse, the coloured leader, to pillory the Government, not lea ast over the destruction of his father's church in the name of apartchirch in the name of apart-heid. It has been powerful, emotional stuff, which National Party MPs have had to endure "like whipped curs", according to local opinion. Rev Hendrickse seemed to be warning the Government that his "co-operation" in Sonth Africa's version of participa-tory democracy has its limits. Nor does it seem that resolving the future of Namibia will produce much internal politi-cal benefit. It might be maintained that getting the Cubans out of Angola, saving the lives of South African servicemen and plugging a drain in the public purse should bring credit to Mr Botha. His recent

rumoured participation in a broader southern African sum-mit might also influence voters at home, if such initiatives were prosecuted quickly and decisively. The counter argu-ment is that the emergence of a Surpo government in Wina Swapo government in Win-dhoek, which the South Afri-can Government cannot guar-antee itself against, would be devastating to the National David

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Party. All of which is music to Mr le Roux's ears. He is man of genuine charm, praised for his intelligence and legislative acumen even by such natural opponents as Dr Worrall and Mr Zach de Beer, leader of the Progressive Federal Party.

But, viewed from a perspec-tive other than that of narrow Afrikaner interests, it is apparent that the Conservative Party must be a charter mem-ber of the flat earth society. Disregarding all the evidence of actual economic interdependence between races inside South Africa, including the growth of black consumer spending, it would establish an Afrikaner nation. It declines to be specific on actual boundaries, either for itself or for other races, but there is not much ambiguity about the offi-cial position that "white self-determination in an own territory will be defended and perpetuated with all the power available to the Party," nor, on economic policy, that "the sys-tem must be supported by a policy of creative withdrawal of foreign labour," presumably meaning that half a million Afrikaners will have to go down the gold mines. If Dr Ver-woerd – the National Party's ideological guru – were alive today, he would be a Conservative, and so, according to con-ventional wisdom, would an awful lot of current National



Party MPs if ever push came to shove. Only the military, it is said, can stop the rot and it

might choose not to. The prospects, therefore, seem bleak. Worse yet it is not clear what outside forces -including Western govern-ments, with or without sanctions - and the African National Congress, can do about it; other than hope against hope that the Afrika-ner drama has a surprise end-Malawi and Zaire and ing.

.....

120-27

who like to think of themselves as a broad church, but by the much narrower congregation

Party. There is a universal expectation in the country that in the municipal elections to be held on October 26 Dr Andries largest opposition grouping in parliament, will make major gains, especially in the Afrika-

ner heartlands of the Trans-

who broke away from the National Party six years ago and set up the Conservative

Treurnicht's forces, already the

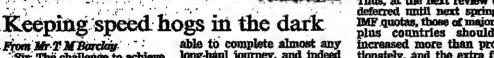
DAMIN SILLY INNOVATION! Maria des States and a set

examining the feasibility of establishing a network of inner city based work centres linked

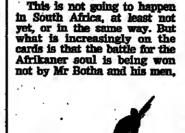
tion technology, the work cen-tres will both equip the mean-ployed with IT skills, and enable these skills to be offered.

through the marketing unit to

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organisations in the south east. Project Frontine is sup-ported and sponsored by the Department of Trade and Industry, the National Economic Development Office, Confederation of Information

Communication Industries and 15 major companies. The project represents a uso-ful framework for bringing about the partnership that so many are seeking. Dr Colin Coulson-Thomas Chairman, Steering Group and Experts Panel

Project Frontline, 237 Baring Road, London SE12

Sir, The challenge to achieve internationally-competitive costs is not confined to our manufacturing industries.

ANOTHER

One of Britain's major national assets is the UK motorway network, in many places already incomfortably overloaded. We now face the unpalatable alternatives of substantial capital - and environmental - costs in adding more traffic lanes and constructing parallel motorways, or accepting the costs of constion, frustration and acci-

at. Lateral thinking suggests a better solution. The non-urban motorway

network is for all practical purposes empty between the hours of, say 11 pm, and 6 am. If the overnight speed limit were raised to 90/100mph, the road transport industry would be countries in need with suitable strings attached. At the national level, finally,

15

so would rapidly transfer much of the present heavy goods traffic to night time, leaving the existing motorways to cope comfortably and more safely with private cars and local goods vehicles during the day. The benefits to industry, by way of reduced distribution costs, and to the private motorist relieved of dangerous con-gestion; are self-evident. The complaint of the "speed is dan-gerous" lobby could be anticipated by requiring a speci-alised vehicle test and a

high speed driving certificate, both to be renewed annually. T. M. Barclay, Director, Fine Tubes, Estoper Works, Plym

to pay for services in retire-

In plain terms, the last sen-

tence means re-mortgaging and

TASTE THE DIFFERENCE



Community care: the devil you do not know is no better

From Mr H Lowe Sir, May I reply to your leader ("The community care mnddle", October 6) which was a comment on the plea by the umbrella organisation Commu-nity Care Now for the imple-mentation of the Griffiths Report.

I fear that Community Care I fear that Community Care Now has not thought through the proposals in the Griffiths report. I would suggest that the reason that the Govern-ment has not yet proceeded with the proposals is not because of its antipathy to local councils (which, post-Griffiths, could be allocated all the blame for an inevitable the blame for an inevitable debacle) but because they must be in some doubt as to whether their electoral support, from home owners in particular, would survive if they did.

It is entirely untrue that public money is readily avail-able to buy places in residen-tial homes for the elderly. The National Council for Voluntary Organisations, among others, has produced at least one report on the lack of funding for this purpose.

The figures in the Audit Commission Report on Community Care (1986), taken together with the DHSS per-sonal social services statistics, show that two thirds of the immates of private homes are paying their own way and are thus clearly not a representative cross-section of the elderiy.

Numbers of privately-funded

mireasonable to expect the true cost of the services of, say, a "umse, physiotherapist, chi-ropodist, etc, to be less than 220 a visit (or an hour) the cost elderly have increased dramat-ically in a decade when the NHS has reduced the provision of bed/days for geriatrics and psycho-geriatrics by some 50 to an elderly person in fre-quent need of these services per cent.

The two circumstances are closely linked. The essential would be enormous. difference in this transition of patients from one institution to another, apart from the quality another, apart from the quanty of care and the disappearance from the statistics of thou-sands of people, is that the NHS funding formula "free at the time of delivery and (mainly) funded from general taxation" has been trans-formed into a means-tested provide a contribution to meet-ing community care needs. . There are already a number of interesting schemes for encouraging owner occupi-ers to use their equity to pro-vide income which can be used -one

This change in funding for-mula, to the great disadvan-tage of the client or patients, is the essence of Griffiths recommendations; the allocation of managerial responsibility is derivative.

the reason that little use is Far too much tends to be made of the divided responsi-bilities for delivery of communow made of this is that it is such poor value for the client. though very profitable for the nity care. Lack of resources is finance house. Griffiths seeks the critical factor and the Grifto give home owners no option. What it comes down to is fiths report contains no hope that more will be forthcoming. thet elderly pensioners and I turn to the question of the home owners will have to pay provision of formal community for community care in the care in the recipient's own home, either directly or via home. Community nursing and some form of insurance because they will be assessed para-medical services at present fall within the remit of the as having the necessary means. At present there is vir-NHS and its funding formula; some council services are free and others are means-tested.

tually no private health insurance available for the elderly. Griffiths categorically pro-poses to make them all chargebut if it existed, and it is a problem for the government to able to the recipients -'ie means-tested. As it would be

W Grey.

London NS

very expensive. And what of those with no resources of their own? If we extrapolate from the known situation of homes for the elderly, it seems clear that these people will continue to be denied support. Councils will not be able to use the money extracted from the bet-ter off to support those with no Griffiths says: "The majority of those who need care and support are elderly. Many of the elderly have higher incomes and levels of savings in real terms than in the past. This growth in indiresources, even if they wish to, because Griffiths has specified that the central government grant to councils will be vidually held resources could djusted to take account of the ability of the clients to pay.

There are many other nega-tive features to the Griffiths report.

It is true that community care is in a desperate plight but being panicked into calling for the Griffiths report to be implemented will not mend matters. To suppose that the devil you do not know will be better than the one you do is no better guide than the reverse.

An alternative to Griffiths can be worked out and campaigned for. In these remarks I put, in part, the view of my organisation but as a 67 year-old and thus (statistically) liahle to need some community care in the not so distant fature, I look on the possibility that Griffiths may be imple mented with the greatest trepidation.

High Lowe

Secretary, London Health Emerproblem for the government to 'gency, 335 Grays han Road, get it set up, it would be very, London WC1

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FINANCIAL TIMES



a huge capital base no longer seems to be as important as it was a year or two ago. The only other surprise about the deal is that the identity of the

Far Eastern investors have yet to be determined. It will be

interesting to see whether CS First Boston goes for a more aggressive business partner than has been the case with

Property developers

The pointed reminder issued

yesterday by London & Edin-burgh Trust of its policy to increase both earnings and

increase both earnings and assets contained a well-de-served reproach to the market. In the past year the basis for valuing property development companies has been turned inside out, lunching from earn-ings to assets, with the result that the shares have underper-

that the shares have underper-formed the property sector by nore than a third. Some kind of an adjustment was in order after the crash, but both types of valuation seem to have come up with the wrong share price. While it was stilly in a bull market to rate volatile development earnings on mil-tiples of 20 or inore, to rate property developers at the property developers at the property their superior growth properts.

some of its rivals.

Tuesday October 11 1988

French TV continues to make headlines

Broadcasting is about to receive yet another regulatory structure, reports Paul Betts

BROADCASTING has been a long-running soap opera in France. Few issues have provoked such noisy political controversy and so many front-page headlines during the past few years.

The past few weeks have again seen the broadcasting industry holding centre stage. A bitter pay dispute has been disrupting French public tele-vision and radio services, there has been new legislation to replace the country's broadcasting anthority with a new regulatory structure for the

tenth time since the Second World War and the third time since 1982, and there has also been a vocal debate on France's costly and controversial TDF-1 direct television broadcasting satellite. This is due to be launched into space at the end of this month.

The atmosphere and the gen-eral malaise in the broadcasting sector has been furtber fuelled by hectic bourse specu-lation in the shares of Bouy-gues, the French construction group which acquired control last year of the privatised TF-1 television channel, France's oldest and largest network. Bouygues shares rose sharply as a result of heavy buying by mystery investors, one of whom turned out to be Mr Robert Maxwell, the British publisher. He disclosed recently that be had bought a stake of nearly 5 per cent in Bouygues, saying that he wanted to sup-port the French group as well as his own 13 per cent interest in TF-1.

versial Franco-German direct broadcasting satellite pro-gramme which, 10 years later and at a cost of FFr4bn (\$635m) These events are only the latest episode of a rapid and confused process of deregula-tion which has led to an explosion in the number of radio and television networks in France, introduced big new French and foreign players into the sector and destabilised and unsettled the old public service.

Broadcasting deregulation

Mr Francis Bonygues, chairman of Bonygues, French construction and media group, is expected to resign as chairman of the French TF-1 privatised television network, of which Bouygues owns 25 per cent. Reports forecasting his resig-nation prompted heavy trad-ing in Bouygues shares on

the Paris bourse yesterday. The stock gained more than 6 per cent to trade at about FFr629 (\$99). Details, Page has been perceived from the outset as a political rather than an economic, social or

find it harder to regain control of the broadcasting sector cultural problem. When Presi-dent François Mitterrand decided four years ago to open the French public television when it returned to power.

sector to private competition, the official argument was that France needed to expand its ing sector, the Socialists decided to create two new pribroadcasting sector to remain competitive at a European level and to enable French language and culture to resist the networks. growing dominance and onslaught of American and

private network concession

Cinq, went to a partnership between Mr Jerome Seydoux, also regarded as a friend of the left, and Mr Silvio Berlusconi, the Italian television magnate. The third new private network was launched as a specialised music channel with no real political affiliation. As soon as the right

to the French taxpayer, is now about to go into orbit. Few disputed at the time the need for France to expand its broadcasting industry by structure set up by the Social-ists. The heads of the public introducing private commercial networks. But the left also used deregulation as a way of diluting the political influence

of the public service just as it widely expected to lose the leg-islative elections of 1986 to the right. Heads have traditionally rolled in the French broadcasting sector after every general electon, with the new govern-

ment appointing its supporters and friends to the key network jobs. After 1961, the Socialists placed their cronies at the head of the public networks and reformed the broadcasting authority to secure the neces-**DEREGULATION OF** sary influence over the regulation of this key sector. But the Socialists were also anxious to ensure that the right would were cancelled. The broadcast-

ing authority was replaced by a new Commission Nationale de la Communication et des Libertés (CNCL), a supposedly independent body dominated Arguing that France, like Britain, needed a public sector by Gaullist representatives. The highly successful Canal Plus pay television network was treated as a case apart and flanked by a private broadcast-

vate commercial networks and one private pay television left alone. The concession for La Cinq was given to Mr Rob-ert Hersant, the right-wing French press baron owner of channel to compete against the existing three public television The dice were heavily loaded in favour of Socialist support-ers in the allocation of the new Le Figaro newspaper. The music channel came under the

control of Lyonnaise des Eaux. the water distribution group, and RTL, the Luxembourg The pay television channel Canal Plus was launched by Mr André Rousellet, a personal friend of President Mitterrand. The new fifth channel, La broadcasting group, and it was transformed into a new general programme private commercial network called M6. The political right also wanted, however, to extend its liberal crusade and privatisation programme to the broad-casting sector. It decided to pri-vatise TF-1, the country's oldest and most influential net-

work. After an epic battle, Mr Francis Bonygues finally clinched control of the privareturned to power in 1986, Mr Jacques Chirac, the Gaullist Prime Minister, set about dis-mantling the broadcasting tised group from Mr Jean-Luc Lagardère, chairman of the Matra electronics and defence group and of the Hachette pubshing company. While the right's motives for accelerating the deregulation

networks were replaced and the concessions granted to the new private channel operators shake np the structure and nature of broadcasting so pro-foundly that the politicians control of lost The Government limited the amount of advertising revenue of the public networks since they also receive revenue from television licence fees. But the

BRODCASTING

package still left the public networks with lewer financial resources than the aggressive private networks. When Mr Bouygaes took control of TF-1 he launched a campaign to recruit stars from the public sector, offering them glittering salaries which the public networks could hardly afford. Under the circumstances, it

and the second secon

was no great surprise that the five-month-old Socialist Gov-ernment of Mr Michel Rocard made reform of broadcasting an early priority. The issue has become even more argent with the explosion of discontent in the public networks over wide salary discrepancies in the two state channels

In an effort to break with the dubious traditions of the past, the Rocard Government has said it will not automatically replace heads of public net-works. It has also decided to replace the Gaullist-dominated CNCL with a new independent broadcasting authority. Mr Bocard is also launching

wide-ranging consultations with broadcasting profession-als and other political parties to try to define the role and tasks of public television in the new context of a deregulated Vironment

But only the coming months will tell whether the Government will be successful in calming the passions that have again erupted in France's dere-gulated broadcasting industry and which are now spilling over into the bourse with the recent Bouygues affair. Australian broedcaster sets air

waves alight, Page 6

Mr Lawson's stirring remarks over the weekend about the need to keep np the anti-infla-tionary struggle have made a lot of foreign exchange traders very happy. By ruling out the possibility of an early cut in interest rates, he has issued a risk-free invitation to buy the pound and earn an extra 7 percentage points over German rates in the meantime. Indeed, given the generosity of the invitation it is perhaps surpris-ing that the pound did not move up by more than 2 pfen-nigs, suggesting either that the market plans to spin out the

not allogether trust him. While the Chancellor seems to have removed any risk of an embarrassing base rate rise during the Tory Party conference, he may have landed him-self with the opposite problem. Even though the deflationary may enjoy the deflationary chill of a pound at DM3.20 or even at DM3.25, there must be a level at which it starts to get a level at which it starts to get uncomfortable and the market begins to insist upon a cut in base rates. Yesterday the City's analysts were predicting that the pound would rise through all its recent high points until a new celling is found; and even the chartists found the breach yesterday of a narrow six week band cause to expect a further advance. For once Mr Lawson must be hoping that a healthy minority continues to take his words with a large winch of salt.

Williams Holdings

When a conglomerate like Williams Holdings feels it nec-essary to defend an acquisition on grounds of strategic fit, investors can probably assume that it is not going to make a killing on the deal. Yesterday's Pilgrim House acquisition may well fit into the category of sensible rather than stellar; but given a price of something like 12 or 13 times prospective earnings (assuming the Kidde purchase goes through), the deal scarcely looks extrava-

There seems little doubt that Williams will have less fun with Pilgrim House than with Berger, after disposals, the lat-ter business now appears to have cost Williams something in the region of two times earnings. But in terms of the mar-ket's perception of its favourite up-and-coming conglomerate, it may be no bad thing for Wil-liams to do a few deals which do not irresistibly call to mind Lord Hanson. Such compari-sons may be good for the egos

troops happy other investment banks were Williams Holdings thinking of taking themselves private, now that the need for

THE LEX COLUMN

Lawson keeps the

Share price relative to the FT-A All-share Index

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of Nigel Rudd and Brian McGowan; but the share price inevi-

tably suffers from all sorts of worries more appropriate to a first division conglomerate than to one which is still an aspiring entrant. True, the Pil-grim House deal will push Wil-liams into the £1hn-phis league in terms of market capitalisa-tion, but it ought to be able to carry the extra weight with ease, and without any drag onthe above average earnings growth which has made its repubtion. On a prospective ple of 10% times earnings, Williams commands a premium to Han-son; it probably still deserves ił.

CS First Boston

Investment bankers are sup-posed to know how to value businesses, so it is always interesting to see how they The market is right to be concerned about things getting tougher for developers, and to be worried that construction value their own operations costs have now overtaken rent. The general impression from the reorganisation of the Credit Suisse First Boston empire is that the owners rises. However if - as seems likely - the property market flattens out next year, the investment companies may share the stock market's rather soffer most while the deal-mak jaundiced view about the pros-pects for the industry. After all ers may becomes fashionable once again. a prospective exit multiple of around 12 times earnings for First Boston is more than a Newmont third less than GrandMet is offering to pay for the equally. troubled Pillsbury, and while it may be a handsome premium to book value there must be a

Minorco is bending over hackwards to try to prove that it is less South African than Consolidated Gold Fields; but its recent behaviour bears a class recent behaviour bears a feeling that the Kirst Boston brand name should be worth ing tactics that Angle American, its biggest shareholder,

prospects.

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Britain to put electronic tags on prisoners

By Paul Abrahams in London

BRITAIN is to introduce an electronic tagging system for prisoners awaiting trial which is likely to be strongly opposed by civil liberty groups and some law officers but which

alone could be worth more than \$1bn in the 1990s. Mr Marc Renzema, associate professor of criminal justice at the University of Kutztown, Pennsylvania, and editor of a newsletter on electronic moni-

Anglo-Saxon programmes and

President Mitterrand also launched an ambitious televi-

sion cable programme, which has since been scaled back, as part of France's efforts to

remain on the leading edge of broadcasting. For the same

reason, the previous Adminis-tration of President Valery Gis-card d'Estaing launched the

equally ambitious and contro-

been evaluating a number of electronic monitoring systems for the past two months. Mr Hurd's announcement follows a government consultative document which suggested that such schemes might be

cates the increasing potential of the in-house electronic sur-veillance industry. It was pre-viously dominated by several small companies with limited capital and research facilities. Ms Sarah Spencer, general secretary of the National Coun-

degrading and was unlikely to reduce the prison population.

Studies in the US suggest that tagging is used against offend-ers who would in other circum-

stances not receive custodial

The Association of Proba-

tionary Officers also said it

opposed the introduction of electronically monitored cur-fews. Mr Harry Fletcher, assis-

tant general secretary, explained that if probation off-

cers were obliged to monitor offenders it would create an

unacceptable change in their

entences

role

the Acce

Visa's 15.3m.

of television were essentially political, the result was to

Brussels to investigate imports of small TVs

party or that some traders do

reduce overcrowding in the country's prisons. Electronic tagging allows the

authorities to monitor the movements of criminals on probation or those awaiting trial during a predetermined curfew. Offenders who are at liberty wear small bracelets on their arms or legs which send coded signals along a tele-phone line to a central computer

In-house arrest schemes are becoming increasingly popular in the US where more than 40 states are under court order to reduce prison overcrowding. The US market for monitor-

ing devices has tripled in the past three years and is now estimated at \$100m. Analysts believe that the US market

toring, said that several other countries had also been looking at curfew systems. He said that a pilot scheme was already running in the Cana-dian province of British Columbia and that judges from the Netherlands, Sweden and Denmark had visited the US to see in-house arrest systems in operation.

BOTH National Westminster and Midland banks yesterday

announced plans to become members of both the Visa and MasterCard credit card organi-

sations, setting the stage for a period of sharply intensified competition in the UK credit

card industry. The decision of the two

banks, which follows similar

moves by Lloyds and Barclays last month, means that all four

of the big clearing banks will be competing directly against each other in the credit card market as both Visa and MasterCard issuers.

This could raise the eventual

prospect of annual charges

being levied on credit card holders as competition reduces

the profits to card issuing banks. In the short term, how-ever, the main effect seems

likely to be a reduction in the charges paid by retailers on credit card transactions. This

Mr Douglas Hurd, the British Home Secretary, is expected to announce the introduction of electronic tagging for prisoners on remand in his keynote speech tomorrow at the Conservative Party conference in Brighton, on the south coast. The Home Office, which is responsible for the UK's overcrowded and increasingly strained prison system, has

used in keeping offenders out of custody. Electronic tagging is most likely to be introduced under the 1976 Bail Act to allow courts to release remand pris-

oners who are unable to afford bail. New legislation would probably be required to deal with offenders on probation or parole. Companies from both the UK and US have provided systems to the Home Office for evalua-

tion. The two leading contend-ers for the contract are Swindon-based Marconi Electronic Devices (Medl), part of the GEC Group, and the Colorado company, Boulder Industries. The decision of a large group such as GEC to enter the mar-ket in August this year indi-

charge now averages around 2.3 per cent per transaction. Yesterday's announcement

coincided with a special meet-ing in Amsterdam of the board

of Eurocard International, the European affiliate of Master-

Card, at which applications from eight British banks, including the four hig clearers, were due to be considered. Credit cards became estab-

lished in the UK from 1966

lished in the UK from 1966 with the appearance of Bar-claycard, now the main Visa card. In 1972, the other three hig clearers entered the market when they set up a credit card cartel through the Joint Credit Card Company, (JCCC), a con-sortium issuing Access cards. Since 1976, the Access card has been linked to Mastercard, the smaller of the two major inter-national credit card systems. Barclays' Barclaycard opera-

Barclays' Barclaycard opera-tion and Visa ran a looser net-work which grew rapidly and

Punishment at home, Page 16

currently has 27 banks as members in the UK. However,

land, NatWest and Lloyds, did not admit newcomers and in

recent years have appeared to

be trailing behind Visa in terms of cardholders - with

only 12.2m holders against

Last Friday. Lloyds announced that it would be offering services through retailers on both card net-works, a move which brought it into direct competition both with the existing network organisers, the JCCC and Bar-clays. NatWest and Midland were left with little choice

were left with little choice

After a settling down period in the wake of the current changes, MasterCard, previ-ously a branding available only in the UK on a few Gold cards

- upmarket cards for highly paid individuals - seems likely

ss banks, led by Mid

r terry D London and Will Dawkins cil for Civil Liberties, said the in Brussels Council strongly opposed tag-ging. She said that it was

THE European Commission is expected to launch an anti-dumping investigation into imports of small screen televisions from China and Hong Kong later this year.

Action over the alleged dumping has become increas-ingly likely over the past few months following a big surge in sales of Chinese and Hong Kong products through own-label retail stores. Industry officials believe that televi-sions made in China and Hong Kong will account for 1m sales in Western Europe this year out of a total market of 16m muits.

Although well over 200,000 of these sets - the majority with 14-inch screens - are supplied directly from China. supplied interity from china, the European industry claims that virtually all of the televi-sions in question ultimately originate in China, which now has a large and rapidly expanding TV industry.

According to the European Association of Consumer Elec-tronics Mannfacturers (Eacem), the majority of the Chinese products are routed to the West via Hong Kong, where the sets are finished and labelled for European castomers. Prices have dropped below £130 (\$222) a set in some Western European stores, where sales have been particularly strong because of the present trend towards multi-ple-television households.

dent of Eacem which recently lodged an anti-dumping complaint with the Commission, said yesterday that the Associ-ation had found "substantial" dumping margins on the tele-visions that it had investi-

not comment yesterday on the European Commission's attitude to the complaint. But the industry's move comes at a time when the Commission is becoming increasingly active in the defence of Europe's beleaguered consumer electronics industry.

Anti-dumping action was recently taken against South Korean and Japanese video cassette recorders. Officials are already investigating a complaint against small-screen TV sets made in South Korea.

5

That said, there is not going to be a contested takeover battle for First Boston, unless a jealous rival wants to mount a spoiling operation. The deal makes CS First Boston a formi-dable competitor, especially since it will be free from the short-term earnings pressures which have made life so diffi-cult for many Wall Street firms over the past year. Indeed, it would not be surprising if

often adopts towards smaller members of its empire. By announcing that it will sell Gold Fields' state in Newmont Mining to the highest bidder, it has effectively put the latter into play, and it is becoming increasingly difficult not to accept Gold Fields' assertion that Minorco is no different form any different stripmerfrom any other asset stripper, only considerably more wealthy.



TI Cheswick looks forward to | Apollo legislation on exhaust pollution

more.

TI CHESWICK SILENCERS model requirements of Jaguar, opens on Friday, 14 October, at Rover and Landrover from their Preston this country's first Blackpool silencer plant. All this purpose-built factory dedicated work will now be switched to the to manufacturing catalytic con- new 24.5m Preston factory. verters, pioneering the way in Although initially all proclean air products for car duction is for vehicles desexhaust systems. tined to be driven overseas,

When fitted to car exhaust sys- Cheswick is ready to step op tems, these converters reduce production and expand its the emission of pollutants such seven acre greenfield site at as carbon monoxide, nitrogen the junction of the M55 and oxides and unburnt hydro- the M6 to meet the growing carbons in the exhaust gas. demand for converters that Until now Cheswick have been will be stimulated by imple-

supplying catalytic converters to mentation of tighter emission Ford in Germany and Belgium, standards in Europe in the Volvo in Holland, and the export period 1990-1995.

Tru-Form crosses the Atlantic

FOLLOWING THE success of some of the world's costliest and Reynolds Rings' Tru-Form opera-tion at Tyseley, Binningham, TI Previous ring manufacturing has established Tru-Form Inc techniques led to the wastage of golfer is that he can generate with a US\$4 million plant at up to 95% of the original highly more momentum at the point of Wilkes-Barre, Pennsylvania expensive alloy. Moreover, This venture, together with TI's there were manufacturing con-King Fifth Wheel, supplies the straints on axial width. But the needs of American aero-engine unique Tru-Form technology

now allows designers to make manufacturers. TI Reynolds Rings Ltd forms rings of large axial width and part of TT's world leadership varying thicknesses in one piece, cold rolling process has made a costs. major contribution to existing The American market is already manufacturing techniques. responding very positively to the

Engine rings play a vital part in advantages of the Tru-Form jet engine technology. Of con- technology, and significant siderable size - up to eight feet in application is anticipated on the diameter and often several incoming generation of aero inches wide - they are made of engines.

brings aerospace technology to golf

GRAPHITE FIBRE technology was pioneered and developed in the 1960s by the US aerospace industry. Its benefit - the reduction in component weight through a high strength-to-weight ratio -has now been utilised by Apollo, patentees of the steel golf shaft in 1913.

Apollo is the first dedicated golf shaft-maker to bring the advantages of graphite shafts into its range. Using graphite allows the shaft-maker to reduce the weight of the shaft and the club-maker to increase head weights. The benefit for the impact, creating the potential for greater distance for the same wing speed.

Apollo's graphite shafts offer the club-maker greater tolerances for weight, flex, point of balance, dimensions and torque. business in aero-engine rings, near net shape, with a saving on As a result, there is now more and its revolutionary Tru-Form both material and fabrication Opportunity than ever before to As a result, there is now more custom-fit club to player.



TI Group pic, 50 Curzon Street, London W1Y 7PN. Tel: 01-499 9131

Algiers riots **UK credit card war looms** flare again, By David Barchard in London death toll rises

Continued from Page 1

Despite the FLN's marxist language, the party was never organised on the tight lines of a communist party. It remains as it was before

independence, an alliance of groups with different political ims. Hence the strong suspicion that the previously unknown Islamic fundamentalist Movement for Algerian Renewal, which claimed responsibility for the violence at the weekend, is manipulated by FLN hardliners.

Some party members want a return to the days of the late President Houari Boumediene. They identify with the 1970s

when vast oil and gas resources encouraged a policy of rapid industrialisation, neglect of agriculture, and redistribution of wealth giving Algerians cheap food and free education and health.

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Yugoslavian unrest

Continued from Page 1

He is campaigning to incor-porate fully into Serbia the two antonomous provinces of Kosovo and Vojvodina which are at present loosely linked to his republic.

Intense pressure, in the form of mass demonstrations organof mass demonstrations organ-ised largely by Serbs who sup-port Mr Milosevic, has been brought to bear on the party leaderships in the two provinces and in the other five republics.

the resignation of the Vojvo-

dina leadership by laying siege to the local administration in

the northern town of Novi Sad. The party leadership in the northern republic of Croatia, which has bitterly opposed Mr Milosevic's alleged pandering to extreme Serbian national-

ists, yesterday held a meeting to discuss the situation. Later in the week, the Kosovo leadership, which is under pressure from the Serbian party to drop its opposition to incorporation into Ser-bia, will hold an emergency

Last week demonstrators loyal to Mr Milosevic forced



Mr Richard Norman, presi-



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FINANCIAL TIMES COMPANIES & MARKETS



INSIDE

High hopes for Verri's Alitalia



Alitalia, so the joke goes, stands for Always Late in Takeoff, Always Late in Arrival. But now the Italian state airline is set to get a new lease of life. Mr Umberto Nordio, the

cantankerous bose of Alitalia since 1978, was sacked in July and replaced by Mr Carlo Verri, the highly-acclaimed manager who is most recently credited with having turned round Zanussi, the white goods manufacturer. Alan Friedman explains how Mr. Verri plans to Improve Alitalia's services and cut company bureaucracy. Page 30

Clear picture or Austrian Blind?

1 . .

Is privatisation in Austria merely a way of con-taining the country's budget deficit, or is the Government genuinely interested in expanding share ownership and reducing the influence of the state? The answer should be made clearer by the terms of the partial privatisation of Ver-bundgesellscaft, the state-owned electrical power utility which is earmarked for flotation in late November. Page 32

Watch this space



For the price of a rabbit hutch-sized property in Tokyo it would be possible to buy a country estate outside Japan. Sky-high land prices are such that anahysts regularly comb company balance sheets for evidence of property holdings.

Growth in land costs has eased since last year's stunning 65 per cent rise, but the price surge continues to be a theme in Japan's stock market. Michiyo Nakamoto examines how in the past few months the exchange's property focus has sharpened on holdings in three areas of Tokyo: Page 52

Canadians sell mespel stake

C-anterchants sees messpel stake it looks set to become a difficult job. When the Madrid office of Salomon Brothers, the Wali Street Investment bank, opens this month, on its books will be the disposal of a 24 per cent stake in inespel, the Spanish state-controlled aluminium-holding company. The shafters are being sold by Alcan of Canada and the deci-sion hits taken the Spanish by auprise, not least because atumnium pirces have been buoyant this year and inespel is heading for record profits. Peter Bruce reports from Mad-rid. Page 31

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Gold Fields bid reverberates worldwide Indian alliance

By Chris Sherwell in Sydney and Kenneth Gooding in London

TWO separate developments yesterday illustrated the way The Newmont share price rose by \$1.50 to \$38 immediately after the news yesterday, at which level the Gold Fields' stake is worth about \$1.23bn. Newmont's 90 per cent-owned subsidiary, Newmont Gold, is on yesternay linistrated the way shock waves from the hostile £2.9bn (\$4.9bn) hid for Consoli-dated Gold Fields, the UK mining and industrial group, by Minorco, the South African-controlled investment compour are being

the South African-controlled investment company, are being fielt throughout the world's gold mining industry. First, Mr Rabbie Namalin, the prime minister of Papua New Guinea, said his Government would force Remison Goldfields Consolidated, 49 per cent owned by Gold Fields, to sell its exten-sive interests in that country should Minorco's bid succeed. subsidiary, Newmont Gold, is on course to become the higgest gold producer outside South Africa this year and owns the prospect-ing rights to the major portion of the Carlin Trend in Nevada, the largest gold field to be discovered since the South African Rand. Gold Fields built its sharehold-ing in Newmont Mining from 28 Der cent to 49.3 per cent last year

ing in Newmont summy neur apper cent to 49.3 per cent last year to help the US company fight off an unwelcome bid from a group led by Mr T. Boone Pickens, the should Minorco's bid succeed. Then Minorco amounced that, if it won control of Gold Fields, it would sell to the highest bidder hed by Mr T. Boone Pickens, the well known corporate raider. Gold Fields also agreed not to imcrease its stake in Newmont for the UK company's 49 per cent shareholding in Newmont Min-ing, which is rapidly developing into the biggest gold mining group in the US. 10 years. Minorco, in its formal offer

document last week, said it

would negotiate with Newmont's management to reduce Gold Fields' shareholding, "with a view to releasing low yielding funds whilst providing Newmont with independence and stability." Sir Michael Edwardes, Minorco's chief executive, made it clear that it was Newmont's subsequent decision to join with Gold Fields in an approach to Durritert Decemp address to be President Reagan asking him to block the bid on US national security grounds which caused

Minorco to change its mind. That was a "clear message" Newmont was not willing to take up Minorco's offer of talks, he

Although Minorco was previ-ously determined to reduce the stake, perhaps to about 25 per cent, it would also have dis-cussed the timing of that disposal and where the shares should be placed, as well as possible joint

Gold Fields suggested last night that Minorco would be forced by political pressures to indulge in a "fire sale" of assets if the bid succeeded. "It could end up with a pile of cash and a huge tar bill."

Minorco has also indicated it would sell Gold Fields' sharehold-ing in Gold Fields of South Africa and all its other South African

Gold Fields also suggested that Minorco might be forced by the Anstralian Government to sell the 49 per cent shareholding in Renison.

Renison has a one-third stake in the Porgera project in Papua New Guinea which will be developed into one of the world's biggest gold mines with a peak pro-duction of 1.3m ounces a year in the late 1990s. Remison also wholly owns the historic Wan-

Bulolo gold fields. Mr Namaliu, the PNG prime minister, said the prospect of Minorco owning indirect stakes in these properties was "totally unacceptable. We cannot allow the apartheid regime to benefit from our rich resources."

from our rich resources." He added: "We have interna-tional obligations and national laws that prohibit us from enter-ing into trade and investment agreements with South Africa and South African multination-

Gold Fields said the reaction in PNG was another demonstration that host governments would not accept South African ownership. If said that the PNG Government had taken the view that no con-trol or influence over Renison from South Africa arose from Minorco's existing 28 per cent stake in Gold Fields. Lex, Page 26

eyes world markets By David Housego in Bombay TWO OF India's largest

TAYLOR

WOODROW

TEAMWORK IN CONSTRUCTION

WORLDWIDE

27

industrial groups agreed yester-day to form an alliance that could form the base of a chemi-cals and engineering conglomer-ate of world scale.

Larsen and Toubro, an engi-Larsen and Touoro, an engi-neering and process plant manu-facturer, announced that two senior directors from the coun-try's Reliance textile and petro-chemicals group would be joining its board. The move, seen as giving Reliance a growing voice over management policy, follows the build-up by Reliance of a stake in Larsen and Toubro of between 5 and 12 per cent, making it the largest private shareholder.

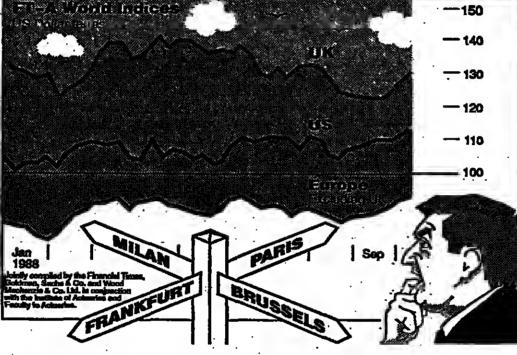
Rehance had sales of Rs13.3bn (\$918.6m) in the 15 months to March. Larsen and Toubro, which had seen sales and profits stagnate over its previous two years, yesterday announced en 18 per cent increase in turnover to Rs6.6bn in the year to September.

Larsen and Toubro has been subject to increasing takeover rumours in recent weeks, which have pushed up its share price from about Rs75 in April to Rs143 yesterday. Mr N.M. Desai, the chairman, welcomed the link with the Reliance group.

Reliance, which has grown rap-idly under the leadership of the controversial Ambani family to be India's fourth largest indus-trial group, has had its interest in Larsen and Toubro stimulated by the large orders it has been plac-ing with Larsen for petrochemi-cal plant.

March.

£331m offer for **Pilgrim House** By Nikki Talt In London WILLIAMS Holdings, the



Securities houses go for broke in Europe

Patrick Harverson on the race to improve research and grab business in Continental equity markets

Credit Suisse, First **Boston execute deal**

By Stephen Fidler in London and Janet Bush in New York

CREDIT Suisse, the third-largest bank in Switzerland, and First Boston, the US investment bank, vesterday executed an agreement that aims to create a powerful new international investment

bank, CS First Boston. The agreement will take First. Boston private and make it one of three autonomous subsidiaries "In all honesty, First Boston will become a subsidiary of CSFB under the new set-up," said Mr Perrin Long, who follows the under a New York-based holding company. The holding company will also comprise its Loudonbased affiliate, Credit Suisse First Boston, and a subsidiary to be be established in January and head-quartered in Tokyo to cover the

Pacific region. Yesterday's move also provides for up to three new institutional investors in the group, which Mr Jack Hennessy, president and chief executive officer of CSFB, said would preferably be Japa-

Perrin Long, who follows the securities industry for Lipper Analytical in New York. As reported in later editions of the FT yesterday, the other main points of the deal are as follows: • The new holding company will have pro-forma equity of \$1.11m and will be 44.5 per cent owned by CS Holdings, a Credit Suisse company; 25 per cent by management; and 30.5 per cent by up to three other investors. nese. Until these investors are found, the group has reached agreement with the Olayan Group, a Sandi Arabian owned international conby up to three other investors. • Credit Suisse will inject \$300m of new equity capital, the new institutional investors will be expected to inject \$600m and a further \$200m will be raised from an issue by First Boston of pre-ferred stock. giomerate which has previously taken interests in a number of US financial companies, which will act as interim irustee to hold 30.5 • Mr Alvin Shoemaker, chairper cent of the new group's shares. In its capacity as a man of First Boston, will leave the firm. Mr Peter Buchanan, trustee, it will be granted a loan of about \$600m from a group of international banks. Among Wall Street analysts and rival securities firms, there was clear agreement that the deal represented increased influ-ence for the Swiss bank and a leading role for the dynamic securities operation of CSFB. In the longer term, the merger may help solidify First Boston, which has had a difficult year, and there is general agreement

that the merged company will be a formidable force in global investment banking.

Although the firm is resisting the interpretation, the agreement is also being viewed as representing, if not an complete defeat for First Boston's management, then certainly a loss of influence for the investment bank.

> Joining the board of Larsen and Toubro is Mr Mukesh Ambani, the eldest son of Mr Dhi-rubhai Ambani, chairman and founder of Reliance. He could take over as chairman from Mr Desai who is due to retire in Williams unveils

All work and no play



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UK dividends are

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Contrary to popular per-Drexel Burnham Lambert, transyear for Britain's arable farmers. David Richardlysts - led by the group's direc-tor of international research son reports on the race to beat the onset of wincereals - a task that

move, which included posching a senior European analyst from James Capel, was the latest broadside in the battle between international securities compa-

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miss to win a large slice of what could be the biggest and most incrative pie since Big Bang the continental European equity markets. The rush to improve and expand the coverage is a direct

response to the growing demand from UK and overseas investors for access to and information on European equities. This demand has been fuelled by a variety of factors.

The approaching unification of European markets in 1992 has heightened investor awareness of Continental companies. Deregulation of local European markets has improved access to equities and improved their marketability, and the growth in trading on the London Stock Exchange's Seaq international system has stimulated interest in a far wider range of European stocks. The dramatic improvement in

the expectations of GNP growth among the major European econ-omies - and the forecasts of strong corporate earnings growth - has been directly reflected in stock market performance, so much so that since the October crash local markets in Continen-tal Emers have a statement between tal Europe have performed better relative to London and New York. There is some evidence of UK investors switching from UK to European stocks because they expect the local markets to continne to outperform London and

New.York. The global securities houses pouring more resources into European markets believe that whoever provides the most comprehensive research service is likely to win clients who will stay with them for good. "If you are going to be a long-term player in European equities you have to get the infrastructure in place now, says Mr Angus McNeilage, head of European research at James Capel. The volume of European equities traded in London is already large. In a good month, such as October 1987 (and this was despite the crash), every day about \$400m (\$880m) worth of European equities were traded on

behalf of customers. In the months April to June of this year, daily customer turnover in

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N MONDAY October 3 international European equities averaged £245m. The latest fig-ures from the London Stock one of Wall Street's leading securities house, Exchange show that between ferred its European equities research team of four senior ana-January 1 and October 6, exchading inter-market maker busi-ness, £38.4bn worth of European equities were traded in London. from New York to London. The Yet in the rush to win business it is possible that too many Lon-don-based houses are expanding too fast. As Mr Michael Woodward. European fund manager at Ivory & Sime remarks "London. is rapidly becoming over-broked." Woodward, who has been investing in European equities for several years, explains the problem: When Europe really took off in the early 1980s there was nobody providing research. But, as soon as they realised the demand was there, they all rushed for the door at the same time." The result, says another fund manager, is considerable duplication of research, and European research talent too thinly spread. The bare numbers of analysts

in London alone show how much the securities houses are willing to commit to European equities. UBS-Phillips & Drew and Bar-clays de Zoete Weld have 22 analysts covering European markets, James Capel has 21, SBCI Savory Milln and Warburg Securities 20, Salomon Brothers 17, and Mor gan Grenfell eight. At Drezel Burnham Lambert's new office there are five resident analysis. with plans to add another 10 by next year. In virtually every case, the bulk of research personnel has been recruited in the past 12 to 16 months.

Tot content with their cov-erage in the UK, some houses have bought or built stakes in broking houses on the Continent. James Capel recently acquired brokers DKL in Paris and Van Meer in Amster-dam. Holdings in two Paris-based broking houses, Puget Mahré and Bacot Allain, were bought this year by BZW and Warburgs respectively, and Drexel has acquired a Madrid operation com-plete with six resident analysis Phillips & Drew benefits from its links with Union Bank of Swit zerland, its Swiss parent.

The depth of the coverage is also improving, with the number of industrial sectors and individual stocks researched increasing almost daily. The trend is also for analysis to cover Europe not by individual markets but by sectors. The chemicals analyst at Phillips & Drew, for example, will cover all the major chemicals companies in Europe.

All the houses confirm that the eventual aim is to match the scale and depth of analysis avail-

able on UK equifies. Frankfurt, Paris and Milan are the markets most extensively covered at pres-

Analyses are also published more frequently. In June, BZW started a daily service, and from last week investors in London started receiving morning meet-ing reports from James Capel. Warburgs distributes its daily.

comments electronically. But the danger is that securi-ties houses are building up their European teams at a time when volumes, and therefore earnings from European markets are stagnating. This means some firms could be forced to pull out of European equities because their share of the market cannot jus-

tify the crippling overheads.

nstitutional investors have been grateful for the expanded coverage, but there is still room for improvement, say fund managers. Mr Michael Woodward, of Ivory & Sime, thinks the quality of London-based economic and market analyels is good, but where it lacks quality is in the coverage of smaller European stocks. Woodward looks to local brokers on the Continent for in-depth analysis of leading and second line

European stocks. Another UK fund manager agrees that the coverage of second-line companies is lacking. Although the UK houses are

facing growing competition from the US, and even Japan in the shape of Nomura and Nikko Securities (Surope) in London, the threat from European banks and brokers is dismissed as less dangerous. The problem of Continental research is that investors regard it as too subjective, restricted by the conflicts of interest between the broking and corporate finance arms of securities houses, leading to research that sophisticated UK investors

regard as safe and anodyne. Yet smaller, more independent European brokers come into their own on coverage of second line stocks. These houses face fewer conflicts of interest because they rely more on the brokerage of stocks for their livelihood than on corporate finance, and are therefore regarded as more objec-

tive in their analysis. Brokers such as Bankhaus Reuschel in Munich, Sal Oppenheim in Cologne, Ferri Ferri in Paris, Michaux in Lyons and Pierson or Kempen in Amsterdam are commonly used by investors interested in the smaller European stocks. The real challenge for London houses

is to match the quality of research provided by these spe-cialist local companies.

president and chief executive officer, will take the same position in the new firm, but only until September, when Mr Jack Hennessy, current CSFB president, will take over. Mr Hans-Joerg Rudloff will be brought back to London from Switzerland to head the European arm of the company and Mr Bill Mayer of First Boston will head the US unit. Swallowed by its offspring, Page 24: Lex, Page 26

acquisitive industrial conglomer ate, announced yesterday a £331m (\$562.7m) recommended offer for Pilgrim House Group, the electrical and electronics group

Pilgrim House was created when RHP, having disposed of its traditional ball-bearing interests last December, merged with the fast-growing Burgess Group the following month.

Lex, Page 26



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INTERNATIONAL COMPANIES AND FINANCE

Abbott

maintains

earnings

By Anatole Kaletsky

growth

in New York

Best Products agrees to \$684m buy-out offer

By Bob Vincent in New York

BEST PRODUCTS, one the leading US discount retailers, has agreed a \$684m buy-ont offer from Adler & Shaykin, a New York-based investment company which specialises in management leveraged bny-outs. Adler is offering \$27.50 a share through its newly cre-ated concerns, BAC Holdings Group and BAC Acquisition.

Total funds required to buy all Best Products' outstanding common stock, refinance the company's indebtedness and pay expenses relating to the offer, which is being recom-

mended by the board, will be about about \$1_1bn. The deal also involves Best Products paying \$25m to Adler if the merger fails to go through, under certain circumstances. Last month, Best Products, based in Richmond, Virginia, rejected as inadequate an unso-licited proposal to buy the

group at \$21 a share, or \$522m. The board then declined to dis-close who made the proposal. It acknowledged, however, that it was holding talks with other interested parties and reviewing stategic options,

including a sale of the entire company. Mr Robert Huntley, Best Products' chairman, said the deal would result in the continued operation of Best as one of the leading discount retailers.

ABBOTT Laboratories, the Chicago-based pharmaceuti-cals and health care company, cals and health care company, maintained its long record for rapid growth of revenues and earnings in the third quarter. The company's net earnings increased by 18 per cent to \$172m or 76 cents a share, compared with \$146m or 64 cents a yage certifier Sales The group operates 194 Best stores in 27 states, and it is developing Best Jewelry, which currently has 30 outlets. Included in Adler & Shaykin's \$1.2bn portfolio are Joy Technolgies and Chicago Sun-Times. In early trading yester-day Best's shares jumped \$5% to \$26%. cents a year earlier. Sales increased by 11 per cent to \$1.21hn. The rate of growth was only marginally weaker than that reported in the second quarter, when Abbott's earnings advanced by 19 per cent and sales grew 16 per cent. In the first nine months of 1988, the company made \$530m or \$2.34 a share, 20 per cent up on the corresponding period the year before. Sales in the latest nine-month period increased by 15 per cent to \$3.63bn. Abbott's earnings per share \$1,21hn.

AMD fall fuels slowdown fears

By Louise Kehoe in San Francisco

ADVANCED Micro Devices, the Silicon Valley semiconductor manufacturer, reported a sharp drop in earnings for the third quarter, compared with the second quarter, fuelling fears of a substantial slowdown in the semiconductor and personal computer industries and triggering a broad decline in

technology stock prices. Reporting per share income of six cents, against 29 cents in the second quarter, AMD said it had experienced both cancellations and slowing orders from some of its principal cus-tomers in the personal comshipments of microprocessors and programmable logic puter industry. AMD reported net income of

\$4.5m or six cents per share, on sales of \$285.4m. In the same period of 1987, AMD showed a loss of \$69.6m or 93 cents a share, on sales of \$260.9m. In 1967, income was reduced by charges in connection with the accursition of Monolithic Merndevices to personal computer "Demand softened considerably. We believe that a period of

digestion of component inves-tories on the part of our cus-tomers will keep a hid on new orders and hence our sales acquisition of Monolithic Memories, another Silicon Valley chip maker. growth for the next several Commenting on the latest result, Mr W.J. Sanders, chair-man and chief executive, said: "The decline in revenues in the quarters.' A week ago, AMD signalled the slowdown and announced 1400 lay-offs at its assembly and test facilities in Malaysia and the Philippines. A charge against earnings associated with these actions is antici-pated in the fourth quarter, the summer quarter to levels approximately equal to first-quarter sales may be essen-tially attributed to decreases in

company said.

Finland proposes securities market law

By Olli Virtanen in Helsinki

FINLAND is to enact a securities market law that will impose tight rules for insider dealings and disclosure of information. The penalties, according to the Government's proposal presented to parlia-ment, would range from fines

to a two-year prison sentence. The proposal defines insiders in detail. They include the top management of brokerage firms and qnoted companies, their supervisory boards, audi-tors and all deputies.

The proposal deems any use of inside information, obtained accidentally or otherwise by anyone, as illegal. Insiders are fault only allowed to make tion.

New lane

long-term investments for a The proposal requires all listed companies to publish a minimum of six months in comprehensive prospectus for a share issue. They will also have to publicise all informa-tion that could affect the price publicly quoted companies and they have to keep a public record of their holdings and trading activities during the previous 12 months. Brokers will be forbidden

of their shares. Investors will have to dis-close the size of their holdings from "infinencing" market prices, they must treat all cus-tomers equally and they will have to disclose all trades in their own portfolio within a mark to the check architered the a publicity quoted company when it exceeds 10, 20, 50 and 66 per cent of the share capital. The proposal also allows a

The proposal also allows a company to be listed only on one Finnish bourse. In practice this means that plans to set up stock markets in two other Finnish towns, Turku and Tampere, will probably not week to the stock exchange. A company quoted on the main list of the Helsinki Stock Exchange or on the OTC list will be penalised for disclosing faulty or misleading informatake off.

Stratus plant for Ireland By Kieran Cooke in Dublin

> STRATUS, the US computer systems manufacturer, is to invest IE10m (\$14.4m) to open a plant in the Irish Republic.

Abbott's earnings per share have been growing at around 20 per cent since early 1986 and its profits and sales have

risen every year since 1971. The company said its earn-ings growth this year had been

due to improved productivity, a better product mix, the weaker dollar and a lower tax rate, as well as higher vol-

Research and development spending increased by 26 per cent to \$115m in the third

quarter. Abbott has focused its

research on diagnostic prod-ucts, as well as drugs related

to acute pain management and relief, Aids and antibiotics.

The plant, at Blanchards-town, near Dublin, is expected to have a workforce of 290. The project, backed by the Irish Government's Industrial Development Authority, was won by Ireland against tough competition from other locations in the BC.

Paribas acquires Béghin-say stake By Paul Betts in Paris

PARIBAS, the French ranipas, the french privatised financial group, yes-terday acquired a stake of nearly 5 per cent for about FFr250m (\$40m) in Bégbin-say, France's largest sugar pro-ducer controlled by the Balian Recourt Ferrozzi group.

Paribas bought 550,000 shares in Beghin-say on the bourse where there was heavy trading in the sugar producer's shares, bourse sources dis-closed last night.

The move appears to form part of the French bank's renewed efforts to forge a wide network of alliances with major international financial partners and industrial groups. The Paribas acquisition was described last night as "friendly" and Ferrund is now expected to consider other forms of broader co-operation with Parihas.

The Paribas shares purchs also reflects the French bank's current strategy of hoosting its presence in key industrial sectors including the food busi-

Bouygues chief poised to quit as TF-1 chairman

By Our Paris Staff

MR FRANCIS Bouygues, chairman of Bouygues, the leading French construction and media group, is expected to step down today as chair-man of the French TF-1 privatised blevision network, 25 per cent controlled by Bonygues. Reports suggesting this move thrust the company into the limelight on the Paris bourse yesterday, again stimu-lating heavy trading in Bouy-

under siege during the last few weeks on speculation that a mystery "raider" was accumu-lating shares in the company. ating neavy training in Body-gues shares. About 250,000 changed hands by midsession and the Bouy-gues share price gained more than 6 per cent to trade at around FFrE29 (\$99) It is widely expected that Mr Bouygues will continue at the top of his construction prom publisher, also disclosed last week that he had acquired a 5

defend his interests and sup-port Bouygues in the event of a top of his construction group, bostile bid. Mr Maxwell is also a sharethe world's largest in terms of holder in TF-1, with 13 per

innover. Indeed, his departure from TF-1 had been planned for some time and reflects Mr Bouygues's feeling that the privatised television channel is now performing sufficiently well not to need his direct Bouygues has firmly denied these mmours

ness. The investment in Béghin-say is significant because Ferruzzi has decided to centralise its agri-business activities around the French sugar group, whose consoli-dated sales as a result will douole this year to slightly more his this year to slightly more than FFr30bn. Mr Jean-Marc Vernes, the chairman of Beghin-say, recently said that the aim of Ferruzzi and the French group 56 per cant controlled by Mr Rani Gardini was to become one of Europe's leading agri-husiness concerns.

husiness concerns The arrival of Paribas in Béghin-say's capital is in turn expected to see the disposal by Compagnie Financière de Suez of its stake in the sugar group. The share disposal by Suez, which with its rival Paribas is France's other major privatised financial group, appears to reflect Suez's current efforts to aborb its costly investment in the Société Générale de Belgi-que after its epic takeover bat-tie against Mr. Carlo De Benedetti, the Italian busine

day-to-day attention.

ing director

ratings.

cent

Mr Bouygnes is expected to be succeeded at TF-1 by Mr Patrick Le Lay, TF-1's manag-

Mr Le Lay has the reputa-

Bouygues shares have come

Mr Robert Maxwell, the UK

er cent stake in Bouygues to

The speculation in Bonygues shares has also been fuelled by

rumours that Mr Bouygues's

health is failing. However,

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above listed transaction 1998 Citicorp and Citibank are

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tion of being a particularly tough network manager with his eye constantly on viewer

For a full editorial synopsis and advertisement details, please contact: **Hugh Sutton**

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FINANCIAL TIMES TUESDAY OCTOBER 11 1988

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INTERNATIONAL COMPANIES AND FINANCE

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> **BRIAN HERON** on 061 834 9381 (telex 666813) (fax 061 832 9248)

> > FINANCIAL TIMES

Nursing a 'wounded pigeon' back to proper flight

Carlo Verri, the new president of Italian state airline Alitalia, talks about his plans to Alan Friedman

oor old Alitalia. The Italussi white goods concern. Mr Nordio deserves credit ian state airline is a favourite target for jokes and general criticism by politicians, business-men and, most of all, by the carrier's long-suffering passen-

gers. The jibes may refer to the sardine-like discomfort on the airline's againg domestic fleet. The jokes are legendary ("Ali-talla stands for Always Late in Take-off, Always Late in

Arrival"). And the criticism, whether it be of the frequently delayed flights on the heavily travelled Milan-Rome route or of the fact that only a few months ago passengers could not get a drink of water or a newspaper. is of a phenomenon that could be described more accurately as a "wounded pigeon" than as the flagship carrier of the world's fifth or sixth economic power.

Now it looks as though Alitalia may be about to get a new lease of life. In an unusual move for Italian state industry, Professor Romano Prodi, chair-man of the IRI state holding group that owns majority control of the airline, last July sacked 69-year-old Mr Umberto Nordio, the cantankerous boss

Alitalia's first priority, said Mr Verri, was "to provide bet-ter service, become less bureaucratic and to open the windows, which have become Nordio, the cantankerous boss of Alitalia since 1978. Prof Prodi named in his place 49-year-old Mr Carlo Verri, a professional and highly acclaimed manager who is most recently credited with having turned around the Zan-And while Mr Nordio - in an interview in June - spoke

windows closed."

he has inherited from Mr Nor-

dio as "a big building with its



Carlo Verri: first priority is to 'provide better service, become less bureaucratic and to open the windows'

of the difficulties of getting trade union agreement when asked why Alitalia had not yet and in 1962 wrote his thesis on instituted a shuttle service on the overcrowded Milan-Bome route, Mr Verri said quite simply that "the shuttle is some-thing that has to be launched and I will do everything I can start it as soon as possible." Mr Verri was born in the southern town of Bari in 1939

the European Community at the university there. However, he is a Turinese "by adoption" and spent a good chunk of his career working near Turin for RIV-SKF, the ball-bearings maker that was originally owned by the Agnelli family and is now part of Sweden's SKF.

when I put my ballot in the box," said Mr Verri, So what is the Carlo Verri strategy for Alitalia? The gen-From 1984 until the start of

this month Mr Verri was group managing director of Zanussi, the white goods maker owned by Sweden's Electrolux. In this period he slashed the Zanussi workforce from 19,700 people to 15,000 and brought the com-pany from a L150bn loss (in 1984) to a L97.5bn profit last

Alitalia is, of course, a ser-

vice company and not a pro-ducer of washing machines.

However, Mr Verri is confident that "whatever the product, the first thing you have to do is find out what the customer wants, at what price and what conditions, and then give it to him."

has also recruited new private-sector aides, which is even now

causing a stir in the political-ly-flavoured world of Rome

tate industry. "My wife said I was crazy to

take this job. Apart from the

only political act I execute is

eral goal, he says, is to tap the airline's "unarpressed poten-tial for expansion" by improv-ing domestic service and ing domestic service and recouping lost ground interna-tionally. In specific terms, he has several key priorities: • To achieve better industrial relations and reduce conflict with Alitalia's nine trade unions by "meeting, talking and doing." . *

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• To streamline the enormous bureaucracy inside Alitalia, lobby the Government for bet-ter transport links to airports and get quicker investment in and get quicker investment in ground control equipment. "I want Alitalia people to buy sleeping bags and sit in at the doors of ministries to demand

him." So he cancelled most of his August holiday, travelled up and down Italy on Alitalia flights to sample the "product" and then plunged into a round of meetings with the previ-ously hostile union leaders. He co-operation for common sense projects," he declared. • To find new international airline partners. Mr Nordio began this by signing a mar-keting deal with United Air-lines in the spring. Mr Verri said: "We have to assume that 1992 will bring private competi-tion to Italy," and wants "ven-tures, not mergers" with forsign sirlines.

The first test of how Mr Verri's no-nonsense business style will fare in Rome is massive cut in my salary, she warned me about going into the hornet's nest of Rome. But underway. Hackles are rising because he is bringing in new faces. However, Prof Profi is pledging full support to the new Ainalia chief, who says I am the first private manager to take a public sector job with out any political allies. The that from a career point of view, "Alitalia is my last and biggest challenge and a very sexy company."

Al Saudi Banque to be split in two under rescue terms

By George Graham in Paris

THE RESCUERS of the troubled Al Saudi Banque yesterday announced further details of their lifeboat opera-tion for the French banking group. The bank, which, according to its rescuers was "within hours of bankruptcy" before they stepped in at the request of the Bank of France last week, will be split into two for tax reasons

The legal entity of the bank and its liabilities will be bought for a symbolic FFr1 by Thomson-CSF Finance, the defence and electronics group which has diversified into It will be merged with Société de Thomson, Thom-son's existing internal bank,

and Thomson Credit International, specialising in defence export credits.

The second s

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has not yet been decided, is expected to be owned 35 per cent by Banque Indosuez, the leading French investment bank which has taken over management of Al Sandi; 30 per cent by Al Bank Al Saudi Al Fransi, Indosuez's 40 per cent-owned Saudi Arabian money. associate Al Sandi al Fransi; 30 per cent by the Hariri group of Saudi Arabia; and 5 per cent by

Thomson. Al Sandi's FFr2.1bn liabilities are to be compensated by FFr1.6bn to be raised from the entire French banking industry, comprising more than 2,000 French and foreign anks, and a forther FFr2.7bn from a consortium of its major bank creditors.

These include Thomson, which has already made provisions of FFr120m for its FFr400m exposure, and Credit

cash payment The Bank of France has been criticised by some banks and financial analysts for calling. on the entire French banking industry to contribute to the rescue while allowing foreign depositors to recover all their

Some French bankers have called for the creation of an independent entity similar to the US Federal Deposit Insurance Corporation to ensure that future bank bail-outs are handled coherently. The Bank of France has

defended its action, saying that it is in the best interests of Paris as a financial t notes that Banking Com-

mission regulators had already twice demanded capital injec-tions from Al Saudi's shareholders - FFr50m of equity

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Lazard to invest in Indian bank By R.C. Murthy in Bombay

LAZARD BROTHERS of the UK is to take a 25 per cent stake in Creditcapital Finance Corporation (CFC), an Indian merchant bank, the first time the Indian Government has allowed an overseas merchant bank to enter the country's

services sector Lazard will invest Rs5m (\$345,300) in the expanded 20m capital of CFC, which has been promoted by promi-nent Indian business groups such as Birla, Reliance and Thapar.

Mr Udayan Bose, CFC chair-man, said the association with Lazard would enhance CFC's capabilities in advising domes-tic mergers and acquisitions. Mr John Scott of Lazard added that the move would give CFC access to the international client base of Lazard.

Perstorp jumps by 41% to SKr605m

By Sara Webb in Stockholm

PERSTORP, THE Swedish specialty chemicals and plasa 41 per cent jump in profits (after financial items) to SKr605m (\$95m) for the year ended August 31 1988, compared with SKr430m in the previous financial year.

The group proposed raising its dividend by a third from SKr2.40 to SKr3.20. Perstorp said it had been helped by a strong result in the last four months of the finan-cial year, with the group's investments in new products and plants paying off in 1967/ 38. A number of small but strategic acquisitions had also helped boost specific business

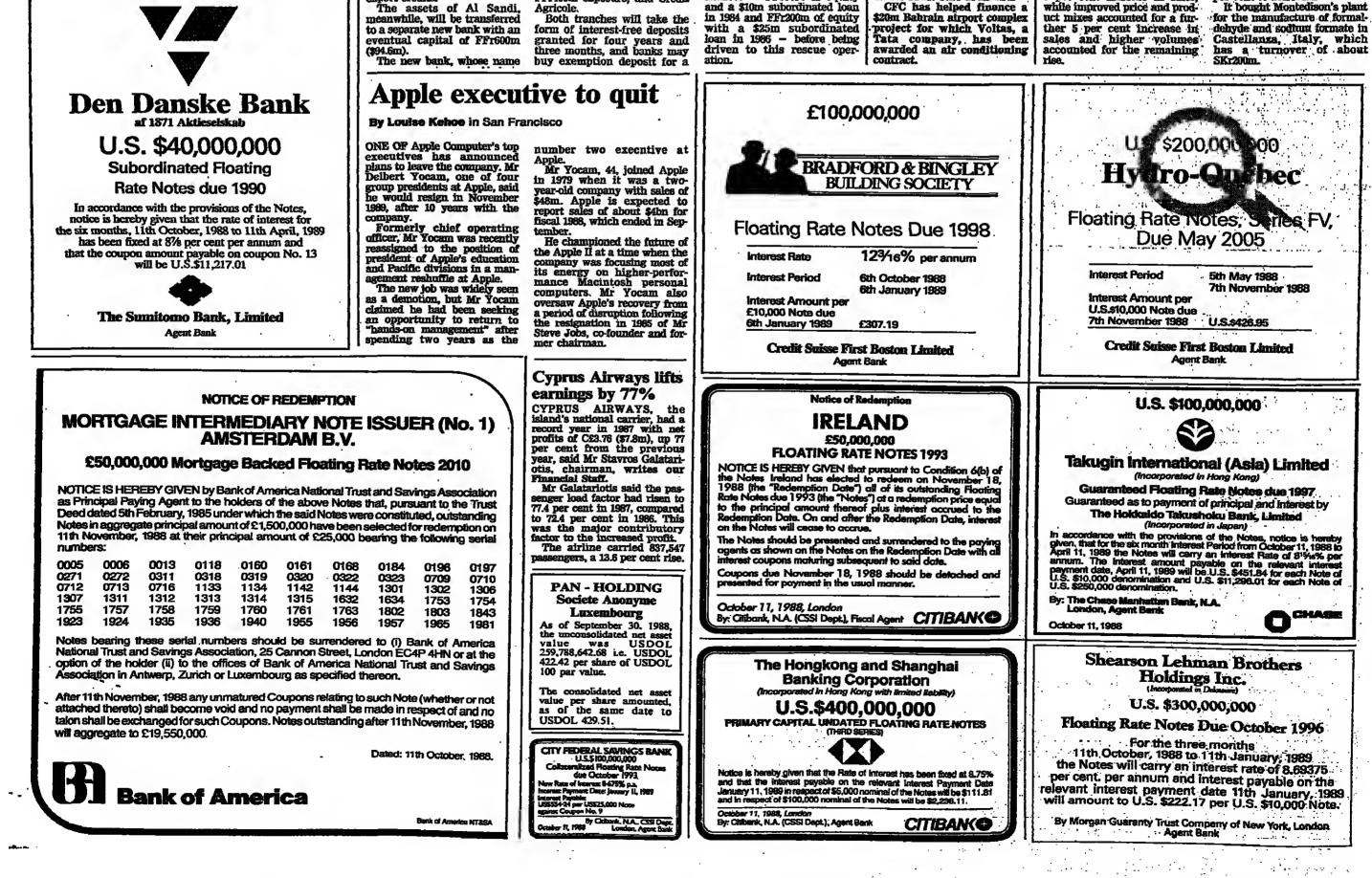
Group sales increased by ZI-per cent to SKr5.15bn for the l year. Acquisitions alone gave a 7 per cent increase in sales.

The group invested SKr540m in plants and acquisitions during 1987/88, up 64 per cent on

the previous year. Perstorp's surface materials division, its largest business area, reported a 31 per cent rise in sales to SKT1.346bn and, through (two acquisitions, strengthened its position as Europe's leading producer of decorative laminates.

The division bought Vikalita, Spain's second largest manufacturer of decorative laminates with a turnover of SKr85m. More recently, it bought Evopan, the Danish subsidiary of Finland's Metsa-Seria, which makes screen cov-erings and other laminated

imponents. The specialty chemicals divi-sion, Persoap's second largest division; twoated sales by 23 per cent to SKr834m.



By Chris Sherwell in Sydney

CRA and North Broken Hill,

the Australian resource compa-

nies which are linking their lead and zinc activities, are to

make an issue of shares in Pas-

minco, the merged unit, in order to broaden its base.

The two groups said yester-day they had agreed in princi-ple to a public issue of about 20

per cent of the capital in Pas-minco, and that priority would

be given to North and CRA shareholders. CRA's main shareholder,

with 49 per cent of the com-pany, is RTZ of the UK. North Broken Hill merged with Peko-

Wallsend late last year, and has Elders Resources has a 22 per cent shareholding.

finalised with financial adviser

Potter. Partners, part of the

S.G. Warburg group. The establishment of Pas-

minco is still subject to the anthorisation of the Trade

Practices Commission, Austra-

lia's anti-trust agency. The intention is that Pasminco will

control the lead and zinc min-

ing, smelting and international marketing activities of CRA and North, making it one of

Details of the issue are being

CCF stake

Taiyo

Mutual

By Paul Betts in Paris

TAINO MUTUAL IME, Japan's

sixth largest life assurer, has acquired a 5 per cent stake in Crédit Commercial de

In Creat Commercial de France (CCF), the Franch pri-vatised banking group. CCF described the Japanese stake as a "friendly invest-ment" strengthening the ties between the French bank and the Japanese Managements and and between the French bank and

the Japanese life company, which formed a joint invest-

ment management company . at the end of August.

With 5 per cent of CCF's cap ital, Tatyo Manual has joined a series of other foreign inves-tors in the hard core share

tors in the nara core sum -holding structure of the French banking group fed by Mr. Michel Peperena, The other foreign shareholders include. New York Life Insurance,

Nikko Sceurities, Kleinwort Benson, BHF Bank and West-deutsche Landesbank.

The acquisition appears to have been bahind the large trading volume in CCF shares in recent sessions on the Paris

Mountain move

Assessment of the other

bourse.

INTERNATIONAL COMPANIES AND FINANCE

CRA-North Broken Spanish challenge for Salomon acquired by Hill unit to make

Peter Bruce on the search for a buyer of Alcan's stake in Inespal

public share issue office this month with a difficult job on its books: finding a buyer for 24 per cent of Ines-pal, the Spanish state-conannonnced in June, it was envisaged that each company would hold 50 per cent of Pas-minco. Now there will be pub-

he shareholders and two of

Pasminco's eight directors will have no relationship to either

In a separate announcement yesterday, CRA said it was to purchase 90 per cent of Capitol Castings of Phoenix, Arizona,

for an undisclosed sum. CRA said Capitol was a foundry-

based business, producing cor-rosion-resistant iron and steel

products for the mining and

manufacturing industries,
 Western Mining is seeking to develop its base metals

interests, according to Sir Arvi

interests, according to Sir Arvi Parbo, the chairman, Renter writes from Melbourne. Sir Arvi, releasing Western Mining's annual report, said of the company's lead and zinc exploration in the Throssell Range of northern Western Australia, "We are looking for a big one . . . a world class ore body." The company would also

The company would also decide in the next two months

whether to spend up to A\$370m (US\$295.9m) on a high analysis

CRA or North.

company. The stake is being sold by Alcan, the Canadian aluminium giant, which joined Ines-pal in a restructuring of the industry three years ago. The Government has made it clear it is not in the market for more of inespal than it already has.

The decision to sell has taken the Spanish by surprise, not least because Inespal, helped by buoyant world aluminium prices, is expecting to make record profits this year. Mr Fernando Rubio Fernan-

dez, Inespal's chairman, is sanguine about the move, however. "I suppose 24 per cent in a company like Inespal is not very interesting for a company like Alcan," he suggests, and insists it will not make life at

Inespal too difficult. Clearly, Inespal management and Alcan have had disagreements. "We have an important rela-tionship with Alcan but our industrial and financial poli-

cles are different," he says. Selling the stake is Alcan's problem, Mr Fernandez points out, though "we would like the buyer to be connected with the aluminium industry." Reyn-

Salomon Brothers, the Wall Street investment bank, opens a Madrid Spain - producing extrusions and foil - but it is not known if that group has shown an

the majority shareholder. Pechiney left Spain then, rather than trying to join forces with Alcan, and Alcan's

with a damaging strike that almost crippled its only mod-

pany port for temporary stor-age, the entire workforce complex near Bilbao, and walked out in protest, leaving modernising its Sabinanigo foil

ALUMINIUM IN SPAIN 1967 Totales Primary output San Ciprian 183,582 80,581

La Coruna 76,892 Finished sales of which exported 28,500

aluminium to harden in the plant's converters.

The breakdown of the country's biggest smelter forced mespal to import supplies and it took about five months to return to normal operations. A long court appeal by 130 work-ers, who were dismissed after the walk-out, sapped manage-ment morale not least because the workers won. Inespal is trying from its asurers to collect the Ptallbn

(\$39.4m) the strike cost, and it is confident it will succeed. Even so, the recovery in aluminium prices since the begin-ning of 1986 has, it seems, helped put the group on target for very good results this year. Last year's Ptal_2bn group

net profit on a turnover of Pta91.4hn would have been its first for 10 years had it been operating as a unit for that long. The company is installing a bot mill at its Amorebieta With aluminium prices potentially close to a peak, no one wants to scare off a buyer.

buy UEB and Alicante coal mills.

For all that, though, Mr Fer-nandez, a former financial Packaging director of INI, the state holding group which controls Inespal, readily concedes that his group is not exactly a leader in By Our Financial Staff BRIERLEY INVESTMENTS aluminium technology. "We (BIL) and Carter Holt Harvey, don't have the technical capactwo of New Zealand's bigge ity," he says, "but we haven't companies, are to create the country's largest packaging group by taking joint owner-ship of the local UEB Packagjust said to ourselves that it will always be like this. Each thing in its time." The priority, he says, is to improve proing and combining it with cesses and then products. Printpac, their existing part-

INI's plans for Inespal are nership in the industry. unclear. Normally, a state-The purchase is being made from New Zealand Equities, an owned group becoming profit-able in modern Spain would investment company. No price was disclosed, but the operations are said to have able in modern Spain would immediately generate specula-tion about privatisation. That has not been the case with Inespal, and Mr Fernandez says he does not concern him-self with the possibility. The annual sales of NZ\$120m Excluded from the deal are a consumer products and bags side and UEB's joint operations Spanish bourses are already under a lot of pressure to absorb flotations of the Repsol with the Australian-owned Kiwi Packaging. Amcor, the leading Australian packaging group, will buy UEB's half of energy group next year and the Iberia airline in 1990, and it may be that Inespal will be allowed to remain at the back packaging operations previ-ously run jointly between

those two companies. BIL and Carter Holt said Anyway, the Government is about to get a fairly good idea their venture would give better flexibility and access to of how attractive Inespal is as Salomon goes about selling the Alcan stake. A reported asking price of Pta2.5bn has been roundly denied in Madrid. finance. First Pacific, a Hong Kong

investment group, has taken 40 per cent of Steniel, a Philip-pines maker of cardboard boxes, as part of a venture with local investors valued at 141m pesos (\$6.9m).

31

Brierley and

Carter Holt

interest in Inespal. The past three years have been dramatic for Spain's alutrolled aluminium holding minium producers. Inespal grew out of a merger in December 1985, when aluminium prices were failing rapidly, of the country's two biggest groups: Empresa Nacional del Alumino (Endasa), in which

Alcan had a 36 per cent stake and which constantly lost money, and the profitable Aluminio de Galicia, where the French producer Pechiney was

departure will leave Reynolds the only aluminium major in the country. Inespal has had to contend

ern smelter, the 190,000 tonnes a year San Ciprian deep-water facility in Galicia. Last December a freighter

bound from Holland and carrying a toxic cargo burst into fiame off the Galician coast. When some of that cargo arrived at the San Ciprian com-

MOUNTAIN COMPUTER, a privately held California maker of tape-drive equip-ment, is to be acquired by Nakamichi Corporation of Tokyo for \$45m, AP-DJ reports from New York. Nakamichi will gain access to US retail distribution chan-nels. For Mountain, the move ips by 605m

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KEPPEL, the Singapore statecontrolled shinyard group, has offered to take over the minority of Sim Lim Finance. it does not already own, valuing the company at some \$\$27.3m (U\$\$13.4m), Our Financial Staff writes. Keppel recently gained 51

per cent of Sim Lim through the issue of 4.78m new Keppel shares. It is now offering three

Idemitsu buys mine IDEMITSU KOSAN of Janer, has acquired the Rhenever coal mine in Queensland; AP-DI-reports from Brisbanes. Allied Queensland Coelficitis in May sold a 49 per cent stake in the mine to the Japanese.

- జిలి శివిహిస్తో it had sold the rest for A\$15.8m. construction industry, poe 1 - 1 - 1 - 2g Pacific Dunlop bid non-European countries. PACIFIC DUNLOP, the Austra-PACIFIC DURLOF, the Adstra-lian industrial group, said yes-terday its A\$130m (US\$104m). sgreed bid for Nucleus, a medi-cal techniclogy company, had exceeded the 30 per cent accep-tance level and would proceed to computery accurition. to compulsory acquisition, Reuter reports from Melbourne. A bid for Telectronics Holdings, Nucleus's 53 per (cent associate, remained su d sub ject to a 90 per cent entitlement condition. US \$250,000,000 **Republic of Indonesia** Floating Rate Notes Due 1993 815/16% per annum Interest Rate 11th October 1988 Interest Period sia Linte 11th April 1989 Interest Amount per U.S. \$10,000 Note due U.S. \$451.84 11th April 1989 Credit Suisse First Boston Limited Agent Bank . . . U.S. \$200,000,000 0~~ Eni International Bank Limited limited liability under the fax wealth of The Bahamas) ted with limited li Guaranteed Floating Rate Notes due 1991 Unconditionally and irrevocably Guaranteed as to payment of principal and interest by Ente Nazionale Idrocarburi Notice is hereby given, ther for the three months interest Period from October 11, 1988 to January 11, 1989 the Notes will carry an Interest Rate of 5%/6/6 per ennun. The interest payable on the relevant Interest payment date, January 11, 1989 will be U.S. \$215.63 per U.S. \$10,000 principal amount of Notes. (A Public Corporation of the Republic of Kely) By: The Chase Naninattan Bank, N.A. London, Agent Bank October 11, 1988

represents a chance to make a strategic alliance with Calif-ornia Peripherals, the original equipment manufacturer that acts as the exclusive distributor for Nakamichi's computer peripheral products. Keppel takeover

new shares for every eight in Sim Lim, or S\$1.09 cash.

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to acquire **Coutinho Caro** By John Wicks in Zurich YORK Hannover Holding of Lucerne is to buy Coutinho Caro, the large Hamburg-based trading and engineering com-pany, from McDermott Interna-tional, the diversified US industrial and construction group, for an undisclosed price. McDermott had treated Continho Caro, an international

since April 1987. Coutinho Caro is also active in plant construction and other building operations. Annual turnover is given as in excess of DMIbn

(\$537m). York Hannover is controlled by Mr Karsten von Wersebe, a German-Canadian business-man. Its activities include trading operations, real-estate investments and the development of hotels and resorts. The takeover of the German company, will strengthen its where it sineady has states in-four concerns, two of them also-hased in Hamburg. The transaction is also seen

sibly . in connection with York Han-nover projects in Germany and Compagnie Financière Michelin, the Swiss financial affiliate of the French Michelin group, is to create SFr197.1m (\$124.8m) in new capital through one-for-four rights issues applying both to its reg-istered and bearer shares. Further bearer shares may be issued later, either in con-nection with a convertible or warrant bond transaction or "to profit from any emerging market opportunity."

= -

fertiliser plant at a phosphate deposit near Mount Isa in the largest groups of its type in the world. When the merger was Queensland. **York Hannover**

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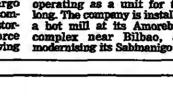
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trading company specialising in steel and non-ferrous met-als, as a discontinued business

al di sintenzio Matti di tenzioz company for A\$14.7m. (US\$11.8m) and said yesterday as opening up new opportuni-ties for Coutinho Caro in the

Anyone can package an ADR

We know how to wrap it up



AMERICAN INVESTORS are no different to those elsewhere: they need to feel comfortable with their investments. They seek timely, reliable information and a liquid market; in short, they want to be kept in touch.

For our corporate clients in the UK and Europe, the key benefit of an American investor base is the same as a following anywhere else in the world: the wider the interest, the lower

the potential cost of capital.

For each corporate client, therefore, we evaluate the benefits of involvement in the American market, just as we examine those of a Japanese listing or Euro-equity issue.

Simply creating an ADR is straightforward. But to achieve an enduring impact requires effective and sustained communications directed at investors and potential investors alike.

To support our corporate clients' American investor base, we offer a powerful combination of strengths.

First, research. Not only do we follow, on a continuous basis, more than 1,500 UK and European stocks; we also deliver our

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> Thirdly, liquidity. As one of the leading market-makers across the range of UK and European stocks, our capital is committed to allow American investors - in common with those elsewhere to be assured of continuous markets in those stocks.

Whatever the place of an ADR in your strategy, consider these fundamental questions. Who, in a world-wide marker, can face the pressures with you day by day? Who can help you tailor your transactions to suit both your needs and the markets' changing moods? Who, in short, will work beside you rather than merely for you?

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FINANCIAL TIMES TUESDAY OCTOBER 11.1988

FT GUIDE TO WORLD CURRENCIES

UNTRY		e ste	US \$	D-MARK	YEN CX 1000	COUNTRY		£ STG	US-S	D-MARK	CX 1000	COUNTRY		£STG	US S	D-MARK	YEN CX 1000
danistan Jania	(Afghani) (Leki) (Dinar)	99.25 10.1943 10.8524	57.9562 5.9528 4.9221	31,2352 3,2082	43.8189 4.5007 4.7913	Greenland (Grenada Guadaloupe	Danish Krone CE Carr S CLocal Fr (US S	12,2050 4.62 10.8275	7.1270 2.6978 6.3226	3.8410 1.4539 3.4075	5.3885 2.0397 4.7803 0.7560	Peru	(inti)	745.162	33.0102 435.1299	17.7907 234.5114	24.9580 328.9689
gerta donra		10.8524 10.8275 209.15	6.3371 6.3226 122.1313	3.4153 3.4075 65.8221	4.7913 4.7803 92.3399	Geam			1	3.4075		Philippiaes Pitcairn is C	E Sterling	34.80 1.00 2.7425	20.3211 0.5839 1.6014	10.9520 0.3147 0.8630	15.3642 0.4415 1.2108
gola Ligua	(Margareta)	51 2040	29,9001	16.1145	77 6066	Guatemala	QuetzaO	4.7278	2.7607	0.5389 1.4878	0.7560	Poland	(IIZ \$		1.6014 474,5459 152,8467	0.8630	1.2708
yentine uba	(E Carr S) (Austral) (Florin)	4.62 20.7615 3.0600 2.1300 22.325 261.75	2,6978	1.4539	2.0397 9.1662 1.3509 0.9403 9.8565 115.5629	Culote-Bis Guyana	(Fr) au (Peso) (Guyanese S)) 1111.1B	299,4744 648.8642 9.0026	161,4004 349,7025 4,8519	226.4238 490.5871 6.8066	Portugal Puerto Rico	(US S)		1	255.7545 82.3760 0.5389	358.7902 115.5629 0.7560
dralia dria xres (j	(Ags S) (Schilfing) Port Escudo)	21300 22325 26175	1.7868 1.2437 13.0364 152.8467	0.9630 0.6703 7.0259 82.3760	9.8565 115.5629	Haiti Honder#S Hong Kong	(Gande) (Lempira) (HK \$)	8.5475 3.4260 13.3898	4.9912 2 7.8188	2.6900 1.0782 4.2139	3.7737 1.5125 5.9116 40.4532	Qatar Reuzios is. de 1		10 8275	3.6271 6.3226	1.9548 3.4075	2.7423 4.7903
aunas aralis	(Bahama S) IOinar)	1.7125 0.6430 209.15	1 0.3754	0.5389 0.2023 65.8221	0.7560	elongary	(Forint)		53,5045	28.8360		Romania Rwanda	(Leo) (Fr)		6.3226 8.6306 77.6785	3.4075 4.6514 41.8645	4.7803 6.5253 58.7305
earic Is gladesh gados	(Taka)	53 20	122 1313 31.0656 2.0077	65.8221 16.7427 1.0820	0.7560 0.2838 92.3399 23.4878 1.5180	iceland (ice india (india)	landic Krona) Jadian Rapee) (Runlah)	81.571 24.65 2907 00	47.6327 14.3941 1697.5649	25.6714 7.7576 914.8953	36.0136 10.8830 1283.4790 53.2450	St Christopher St Helena St Lucia	E Carr S)	4.62	2.6978 9.5839 2.6978	1.4539 0.3147	2.0397 0.4415 2.0397
pacos jum		3.4383 66.55c 67.40g	38.8613 39.3576	20.9441	29.3818 29.7571	Inten Inten Inten Inten Inten Rep	(Rial) (Iraqi Olnar)	0.5281	70.4233 0.3083 0.6925 1.6219	914.8953 37.9543 0.1661 0.3732 0.8741 745 2399	53,2450 0.2331 0.5236	St Plente G	French Fr) (E Carr S)	10,8275	£ 333£	1,4539 3,4075 1,4539	4.7813
ize La		<u>67.409</u> 3.4190 541_38	<u>34.35/6</u> 1.9%4 316_1343	1.0760 170.3792	1.5094 239.0198	Irish Rep Israel Italy	(Punt) (Shekel) (Lira)	2 7776	0.6925	0.3732 0.8741 745.2399	1 2263	San Marino (ka Sao Tome Saudi Arabia	ilen Lira) (Dobra)	2368.00	2.6978 1382 7737 77.0051 3.7493 316,1343	1.4539 745.2399 41.5015	2.0397 1045.4746 58.2213
nuda (Be 120	(Ngaitrum) (Ngaitrum) (Bollviano)	17125	14 3941	0.5389 7.7576	0.7560	Ivory Coast	(CFA Fr)	2368.00 541.38	1382 7737 316 1343	170.3792	1045.4746 239.0198	Saudi Arabia Several Sevenelles	(Rohal) (CFA Fr) (Roher)	541 38	3.7493 316.1343 5.4306	2,0207	2.8347 239.0198 4 1059
livia Iswania	(Pula)	4.3934 3.3900 657.15	2.5654	1.3826 1.0668 206.8135	1.9396 1.4966 290.1324		(Jamaican \$) (Yen) (antan Dinar)	9,2505 225,50 0.6445	5.4017 132.2627 0.3763	2.9112 71.2824 0.2028	4.0841 100 0.2845		(Rapee) (Leone) (S) (S)	9.30 63.3810 3.4863	37.0108 2.0357	2.9258 19.9468 1.0971	4.1057 27.9827 1.5392
zii Lish Virgia 1961	(Retated S)	1.7125	383.7372 1 2.0357		0.7560 1.5392 0.6384	Kamonches	(Riel)	171.25	100				(Stall Hing)	3.6799	2.1488 243.5737	1 1581 131 2730	1.6246
igaria Iklino Faso	(CFA Fr)	1 4461 541 38 11 2754	0.8444 316.1343 6.5841 151.8540	1.0971 0.4551 170.3792 3.5485 81.8410	239.0198	Kenya Ok	enya Shiiling) (Australian S)	31.23 2.1300	18.2364 1.2437 0.9682 710.4408	9.8284 0.6703	13,7880	South Africa	(Rand)	4.2600c 6.91989	2.4875 4.0407	13406 2.1777	1.8807 3.0550
rma rendi ((Kyat) Beroudi Fr)	11.2754 260.85	6.5841 151.8540	3.5485 81.8410	4.9781 114.8123	Korea North Korea South Kowait, CK	(Won) (Won) awaiti O Inau)	1.6582 1216.63 0.4930	0.9682 710.4408 9.2878	53.8945 9.8284 0.6703 0.5218 382.8890 0.1551	75.6070 13.7890 0.9403 0.7320 537.1434 0.2176	Spalio Spanish Ports b M Africa C	(Peseta)	209.15	122 1313 122 1313	65.8221	92,3399
neroon ada ((CFA Fr) Canadian S)	541.38 2.0670	316.1343 1.2070	170.3792	239.0198 0.9125 92.3399				349.3868 429.2437	188.3005 231.3391		Sei Lanka	Rapee	55.65 7.6428	32,4963	17.5137 2.4210 0.9603	24.5695 1
Verde is	(So Peseta) (CV Escurdo)	20670 20915 131.6144	1.2070 122.1313 76.8551 0.8285	65.8221 41.4207	58.1079	Leos Lebanon Leotho Liberia	(New Kip) Outbanese () (Maluti)	598.325 735.08 4.2600 1.7125	429.2437 2.4875	231.3391 1.3406 0.5389	264.1611 324.5386 1.8807 0.7560 0.2235	Surinaan Swaziland O Sweden	(Guijder) (Jaogeni)	3.0515 4.2600	1.7818 2.4875	0.9603	3.3%3 1.3472 1.8907
t.Afr. Rep d	(CFA Fr) (CFA Fr)	1.4189 541.38 541.38	316.1343 316.1343	170.3792	0.6264 239.0198 239.0198	Liechenstein		0.5064	0.2957	0.5389 0.1593 0.8489 20.9441	0.2235	Switzerland Switzerland	(Guilder) (Hangeni) (Krone) (Fr)	10.8875 2.6975 35.8985	2,4875 6,3576 1,5751 20,9626	1.3406 3.4264 0.8489 11.2977	1.8907 4.8068 1.1909 15.8492
le (C) es (Rumo orabia	nichi Yuan)	541.38 541.38 420.64 6.3340		170.3792 0.6505 65.8221 41.4207 0.4445 170.3792 170.3792 170.3792 170.3792 170.3792 170.3792 41.9103 0.4697 0.2615	239.0198 185.7130 2.7964 240.4547	Linembourg	(Lux Fr)	66.55	15751 38.8613		1,1909 29.3818	Talwan Tanzania		49.175			
nam k	(Col Peso) (CEA Er)	544.63	245.6261 318.0321 316.1343 316.1343 77.7635 0.7602 0.4852	171.4020	240.4547 239.0198 239.0198 58.7947	Maceo Madeira	(Pataca) (Port Escudo) (MG Fr)	13.7615	8.0359 152.8467 1250.3649	4.3309 82.3760 673.8788	6.0757 115.5629 945.3642 2.0110	Thalland	(Shilling) (Bahi) (CFA Fri	181.90 43.00 541.38	28,7153 106,2199 25,1094 316,1343	15.4760 57.2462 13.5326 170.3792	80.3090 18.9845 239.0198
ta Rica	(CFA Fr) (Colon) Juban Peso)	541.38 133.1701 1.3020	77.7635	41,9103	58.7947 0.5748 0.3668	Malaysia Malaysia	(Kwacha) (Ringoit)	4.5550	2.6598	1.4335 1.4473	20110	Togo Rep Togga Is Trialdad/Tobag Toalisia	(CFA Fit (Pa Auga) D (S)	541_38 21300 7.2654	1 2637	0.6703	239.0198 0.9403 3.2076
rus		1.3020 0.8310 9.30r	0.4852	0.2615	4 1059	Malaysia Maidive is Mati Rep	(Kwacha) (Ringgit) (Rufiya) (CFA Fr)	4.5990 17.2660 541.38	10.0828	5.4338 170.3792 0.1855	2.0304 7.6229 239.0198	Tunisia	(Dinar) (Lina)	1.5456	4.2625 0.9025 1698.1722	2.2965 0.4964 915.2226	0.6823
		9.30c 16.101 15.49 <u>c</u>	5.4306 9.4014 9.0452	2.9268 5.0668 4.8749	7.1081	Maita Martinique Marcinalia	(Local Fr) (Countra)	541.38 0.5895 10.8275 126.9731 24.0676	316.1343 0.3442 6.3226 74.1448		239.0198 0.2602 4.7803 56.0567 10,6258	Turkey Turks & Calcos Tuvatu Gaus	(USS) trailasS)	1 7125	1.2437	0.5389 0.6703	0.7560
mark IDam		12,2050	7.1270 172.8467	3 8410	5.3885		(Ouguiya) Maur Rupeel Iexican Peso)		14.0540	39.9600 7.5743		JUAE	ShiUing) Dirtam)	257.02	150.0846	80.8874	113.4746
nauti Rep Maica (Maican Re	E Carrio S)	296.00 4.62 8.5475	172,8467 2,6978 4,9912	93.1549 1.4539 2.6900	5.3885 130.6843 2.0397 3.7737	Miguelog		3919.35a 3858.35d	2268.6715 2253.0510	1233.4697 1214.2722	1730_3973 1703.4657	United Kingdom	CD (USS)	1.00	3.6718 0.5839 1	1.9789 0.3147 0.5389	0.7560
						Monaco	(Local Fr) (French Fr) (Tugrik)	10.8275 10.8275 5.7362	6.3226	3.4075	4.7803 4.7803 2.5325	Uraguay	(Peso) (Rouble)	696.91 1.0649	401_1153 0.6218	216.1793 0.3351	303.2725 0.4701
ador		667.210 899.05a	389.6116 519.1532	209.9795	294.5739 392.5165	Montserrat Morocco	(Tugrik) (E Carr S) (Dirium) (Metical)	4.62	6.3226 6.3226 3.34%6 2.6978 8.3386 584,7766	3.4075 3.4075 1.8052 1.4539 4.4940 315.1628	2.5325 2.0397 6.3046 442.1324	Vacuata Vatican	(Vata)	182.35 2368.00	106.4817	57.3878 745.2399	80.5077 1045.4746
atvador atvador	Colon) (Colon) (CFA Fr)	3.9280 8.5650 541.38	2.2937 5.0014 316.1343 2.0520	1.2361 2.6955 170.3792	1.7342 3.7814 239.0098	Mozambique		1001.43						24.79e	14.4759	7.8017	10.9448
lopia (Ethi	(CFA Fr) opian Birr)	3.5141		1.1059	239.0198 1.5514	Namibia Naura is C	(S A Rand) Australian SJ miese Rupee)	4.2600 2.1300 38.1210	2.4875	1.3406 0.6703 11.9974 1.1274	1.8807 0.9403 16.8308	Matan	(Dent)	12.820	37.3138	20.1101	5.6600 28.2119
ciand ts oe is (Dan	(Falt S) Ish Kroner)	1.00	0.583 9 7.1270	0.3147 3.8410	0.4415	Netherlands N'nd Antillies	(Guilder)	38.1219 3.5825 3.0600	2.4875 1.2437 22.2609 2.0919 1.7868 1.6014 180.0525 316.1343	1.1274	1.5816	Virgio is-Britist Virgio is-US	(USS) (USS)	629.10 17125 17125	367.3576 1 1	197,9858 0.5389 0.5389	277,7483 0.7560 0.7560
ls land	IFILIS) (Markka)	2,4952 7,4838	1.4570 4.3701 6.3226 316.1343	0.7852	1.1016	New Zegland	(NZ S) (Cordoba)	2,7425	1.6014	0.9630 0.8630 97.0385	1.5816 1.3509 1.2108 136.1324 239.0198	Western Samoa		3.6475	2.1299	1.1479	1.6103
nce Cly/Africa Gudana	(CFA Fr)	10.8275 541.38 10.8275	316.1343	3.4075 170.3792 3.4075	4,7803 239.0198 4,7803	Niger Rep Nigeria Norway	(CFA Fr) (Naira)	2.7425 308.34 541.38 7.9244 11.7425	-1.02/3	170.3792 2.4939 3.6955	239.0198 3.4986 5.1843	Yennen Yennen PDR			10 21 31		7.7218
Guilana Pacific is	ICFP Fr)	95.00	6.3226 110.9489	3.4075 59.7954	4.7803 83.8852		(Rial Omani)		6.8569	3.6955	5.1843	Yemen PDR Yegoslavia	(Dinar) (Dinar)	17.49 0.5864 5817.74	0.3424 3397.2204	5.5043 0.1845 1830.9173	0.2588 2568.5386
ubia	(CFA Fr) (Dalast)	41.38 12,1545	316.1343 7.0975	170.3792 3.8251	239.0198 5.3662	Pakistan	(Pak, Runer)	31.00	18,1021			Zaire Rep Zambia Zimbabwe	(Zaire) (Kwacha)	353.60 13.30	206.4817	111.2824	156.1147 5.8719
nany East nany West	(Ostmark) (OMark) (Cedi)		1.8554 1.8554 225.8516	1 121.7217	1.4028 1.4028 170.7598	Panama Papoa New G	(Balboa)	1.7125	0.8682	9.7560 0.5389 0.4679	13.6865 0.7560 0.6564	Zimbabwe	(5)	3.2225	7.7664 1.8817	4.1856	1.4227
na zitar ce	(G/b £)]	.00	0.5839	0.3147	0.4415	Paragnay	Guarant	548.160 1641.05a	320.0934 958.2773	172 5129 516,4594	242.0132 724.5253	1					· · · · · · ·

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (f) Non commercial rate; (g) Banknote rate; (h) Banknote

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DENSITRON INTERNATIONAL PLC	an a
Interim Report 1988	
 GROUP PROFIT AND LOSS ACCOUNT	مرد الالاركان الكروب ويومون الارتباع المراجع المراجع المراجع المراجع المراجع والمراجع والمراجع المراجع المراجع
 (Unaudited)	
for the six months ended 30 June 1988	

INTERNATIONAL CAPITAL MARKETS

Strong day for sterling helps gilts to advance

Simon Holberton

K GILTS closed with gains of p to half a point following a frong day for the pound and igns of foreign demand for

tock in the 10-year area. The market was also encour-ged by a 0.9 per cent fall in assmally-adjusted producer put prices and an unadjusted se in the 12 months to Sepnber of 3.2 per cent. A rise in tput prices to 5 per cent in is period was seen as flecting a lagged response to gher input prices earlier in ê 788F. On Liffe, the long gilt con-

art closed at 974 compared ith an opening of 961 and a ase on Friday of 961. By the ase of frading, 20,689 con-acts had been traded - a rearency Units. The market expects them to be well received with retail demand. The Bank is offering Ecu900m, consisting of Ecu200 one month bills, Heu500m nable number by recent perience but down on the vels of the same period a

er ago. Dealers said the market had een enconraged by the rength of the pound and gensix-month bills. The Bank has said it expec ted to achieve rates lower than the London interbank bid rate (Libid) and, according to dealal optimism over the outlook r. inflation in the wake of eaker oil prices. Yields in the year area are still above 10 ers yesterday, it will get them. They said rates may be as low as about 20 to 25 basis points below Libid, depending on cent and, with the strength the pound against the Mark, some houses reported ntinental interest.

The stronger tone of the arket was not, bowever, ough to sustain yields of 15 WEST GERMAN bunds posted

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JAPAN

GERMANY

CANADA

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13.500 8.750 9:000-

9.250 9.125

5.000 5.700

OAT 8.500

6.500

8.500

6.500

years or more below 9 per cent. The 9 per cent Treasury 2008s closed around 9 per cent after having traded below that level earlier in the day.

denominated in European Cur-

seen as coming from central

three-month bills and Ecu200m

GOVERNMENT BONDS

banks.

maturity.

Price Change Yield

9/92 111-05 +8/32 9.99 30.21 10.59 9/97 95-01 +13/32 9.59 46.85 10.19 18/05 100-02 +10/32 8.99 9.18 10.18

100.8261 +0.128 4.87 4.98. 106.0656 +0:402 \$5.07 :- 5.18

7/33 102.1430 +0.918 8.41 8.45 8.71 8/97 99.7000 +0.250 8.63 8.63 9.04

7/96 101.5250 +0.550 6.32 6.46 6.58

103-16 8/32 8.71 - 8.85 - 9.06 103-05 - 5/32 8.82 8.97 0.06

100.4000 +0.450 5.40 - 6.53 6.63

98.7500 +0.250 9.70 9.98 10.19

BENCHMARK GOVERNMENT BONDS

Red

8/98 5/18

12/97

5/96

10/98

good gains yesterday in a day of active trade, following through a raily which started late on Friday in the wake of the US Treasury market's strong response to US Septem-ber jobs data. The average yield on all outstanding public paper with a remaining mata-rity of three years and less fell to 618 per cent, its lowest level since mid-June. THE BANK of England will this morning hold its first ano-tion of UK Treasury Bills

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Tensyear yields fell-through the psychologically important 6.5 per cent harrier with the latest 6% per cent hind issue gaining 55 basis points to yield 6.46 per cent, down from 6.54 per cent at the fixing 6a Fri-day. Turnover was high and concentrated in the morning session, with activity quietan-ing down after lunch.

OMF, THE independent French stock index futures market,

has been approved by futures market regulators, as in authorised exchange. The approval is viewed by Paris financiers as an impor-tant breach in the French tra-dition of maintaining a single

centralised marketplace for financial instruments.

OMF, based on a similar Swedish market and with. shareholders drawn from among the leading French banks, is the challenger to the "official", stock index future traded on the Matif financial fotores market

The ONF market rules need to be approved by the Commission des Operations de Bourse and the finance ministry.

OMF officials said yesterday that the new market bad already proved its liquidity, with suppover of between 500 12,500 1/96 103,7729 +0.142 11.81 31.90 1.11.73 London closing, "denotes New York monthing session London closing, "denotes New York monthing session Prices: US, UK In 32nds, others in Geolmai and 1,000 contracts a day, but that opening to fund manager, would increase this liquidity. Technical Data ATLAS Price Sources Agers Sec. Perel & Sec.

> C -----FT INTERNATIONAL BOND SERVICE

12 21

- Month

5.20 5.51

Week.

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INTERNATIONAL CAPITAL MARKETS

Sea-change for Austrian privatisation

Judy Dempsey on a shift in emphasis for the Government's share sales programme

to contain the budget deficit, or is it grauinely committed to widening share ownership and reducing the influence of the state? state? These are issues which the

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schaft should help bring more sharply into focus. The flots-tion of the state-owned utility, which supplies about half of Austria's electrical power is Austria's electrical power, is earmarked for late November.

The Government is firmly committed to a programme commissed to a programme extending the sale of some of the more successful elements within the state-owned indus-tries, including the two hig banks, Creditanstalt and Lasa-derbank. The first moves towards pri-

vatisation got off to a slow start. OEMV, the off and gas group, had the misfortune to go on offer shortly after last year's worldwide stock market crash.

Originally, 25 per cent of the Originally, 25 per cent of the group was to be sold but this was cut back to 15 per cent and eventually the issue was com-fortably subscribed. At the time, the transaction was marred by accusations of philosophical sleight of hand . בהי ב ברייני

IADB and EC

sign accord on

Latin America

THE Inter-American

Development Bank (IADB) and the European Community have

agreed to strengthen co-opera-tion aimed at encouraging and supporting private European investments in Latin America.

The EC will provide resources for the setting np of joint ventures between Euro-pean and Latin American com-

panies, mainly small and medi-

um-sized companies. No specific details were given.

ing the formal signing of the

accord, an official said the pact represented a new direction for

the EC in its policy of system-

atic support for the Third World, It was added that the

strengthened co-operation would reinforce the financial

role of the IADB as a channel of resources to boost invest-ments in Lath America.

tert på 21 Nåne uner er

At a news conference follow-

By Our Financial Staff

T s Anstria's socialist-led coalition Government using privatisation merely to contain the budget deficit, or is it genuinely committed to identify the program and the losses at parent company OIAG which, for 1987, totalled Sch8bn (\$611m) - rather than widening the

appeal of the Austrian stock market. Some bankers, with the ben-efit of hindsight, believe the problem with the OEMV issue

was that the price was too high and the size of the share issue too low. too low. There was also the question

of national psychology; with consumer bank deposits in Austria amounting to more than Sch1.000hn, the man in the street continues to fight shy of the stock market.

OEMV was listed on the Vienna bourse in December. It is generally believed, although OKMV management denied it at the time, that for several months after the issue banks propped up the shares to pre-vent them falling below the

issue price of Sch4,400. At the time, the fear among some government officials and bankers was that the public would be dissuaded from investing in any future new issues by the state. OEMV



Franz Vranitaky: won support of Austrian socialists

shares now hover around Sch4.000. The motivation behind the

The motivation behind the partial sale of Austrian Air-ways was also dictated more by economic necessity than ideological reasons. In June, 24.8 per cent of the airline was offered to the public, with the proceeds financing the budget deficit.

However, Austrian Airways officials say that future

What makes the Verbund flotation different to previous state offerings is the structure of the sale. Equally important is the prevailing mood on the

bourse. Bankers now suggest the Government is beginning to treat privatisation not simply as a tool through which the budget deficit can be con-trolled, but as an instrument with which to expand the capi-tal markets and broaden share ownership.

Indeed, Sch2bn of income earned from the Verbund offering will go directly towards subsidising the Government's new technology fund and thus indirectly to the budget deficit. which is now running at Sch70bn a year. But unlike the OEMV or

Austrian Airways flotations, the Government is selling a maximum 49 per cent. It has set the nominal price at the lowest and legally permitted denomination of Schloo. And to attract the small investor, dividends in 1989 will be limited to public share-Other incentives range from

a 15-month run to final payment on the shares, to an offer

tranches will almost certainly of free shares for long-term be earmarked for investments. investors. Clearly the Governinvestors. Clearly the Government has given a lot of thought to the way the flotation should be packaged. Bankers reckon the Verbund

sale is the beginning of a sea-change within the Government. In addition, they think the socialist party, which needed careful persuading by Mr Franz Vranitzky, the Chancellor, to push through the privatisation law, is beginning to throw its weight behind the

..

Indeed, there are even whispers from the Finance Ministry that the law demanding the state retains a 51 per cent con-trolling stake in public sector entities might be changed. If so, wider share-ownership in Austria might become a reality sooner than the most sceptical of bankers had once thought possible. In the meantime, the next test for the Vienna bourse will

test for the Vienna bourse will be the Government's sale of a 20 per cent stake in Vorariber-ger Kraftwerke, a regional util-ity, for about Sch530m. Appli-cation lists open a week tomorrow and the shares are expected to draw a big response from Vorariberg, Ans-tria's smallest and western-most state. most state.

Holiday in Japan and US leads to subdued trading

bond issue.

HOLIDAYS in Japan and the US were key factors subduing activity in the Eurobond market yesterday, although secondary prices remained firm in the wake of Friday's US Treasury market rally on weaker than expected jobs data, which pushed dollar bond yields to their lowest level for more than six months.

Primary market activity was also muted although a handful of issues in a variety of currenits bearer structure and gross INTERNATIONAL BONDS

was restricted to the non-dollar sectors yesterday. The Halifax came to the Eurosterling market but not with a £200m fiveyear conventional issue as was widely reported at the end of last week. This was because the borrower was engaged in a capital raising exercise and not seeking uormal funding for any particular requirements. Consequently, the issue

interest payments, designed to appeal to investors offshore: The issue, which reportedly provided the Halifax with an

extremely attractive cost of Ands, saw steady interest from a wide-ranging investor base and is expected to benefit from the tightness of supply in the longer dated end of the ster-ing-denominated bond market, where investors are usually where investors are usually highly credit conscious. The Halifax has established a repu-tation for fair pricing of its new issues and this deal was deemed particularly well-execated.

Société Générale led the first 10-year Canadian dollar issue since early June, a deal pitched at 10% per cent and 101.45 for the Province of Quebec which was increased to a total of C\$250m from an original C\$200m. It was well bid at a discount of 1.9 compared with

Co-managers earn higher fees

By Norma Cohen

LEAD MANAGERS of Eurobonds are increasing the costs to vote on whether lead managers should continue to fees they pay to co-managers who help sell them, according to figures from the Interna-tional Primary Market Association.

tion. The data, presented at a board meeting on Friday, showed that in the six months ended August lead managers paid out less than half the fee income in fewer than 5 per launch price.

Act

market, where the profitability of even the largest houses has

ally eliminated.

be able to charge co-managers. Instead, members decided to refer the matter back to a sub-committee on market prac-Stabilisation is a procedure whereby lead managers buy-up bonds at a price high enough to keep the issue close to its

It is the only form of market manipulation allowed under the new Financial Services The issue of how to distribute fee income has become a heated one in the Eurobond

been strained. Lead managers of new insues are allowed to make deductions from the fee income of co-managers. This is intended to pay the cost of supporting the price of a deal when investors will not pay for it.

In explaining the more gen-erous attitude taken by lead managers of new issues, securi ties industry officials say that unscrupulous practices by some firms have begun to est into their business.

At the meeting, the IPMA elected a new chairman. Mr Michael von Brentano, manag-ing director of Dentsche Bank Capital Markets, replaces Mr Armanid Mattle, of UBS Securi-ties, who has held the post for two years

IPMA board members also approved two recommendations relating to the behaviour of lead managers who want to increase the size of a previ-ously launched deal.

Those increasing an issue in which another firm had been the original lead manager were asked to refrain from the prac-tice until after the stabilisation period of the original issue was

Former minister to head Spanish SE commission

country's new stock exchange regulatory commission. The appointment paves the way for the implementation of

far-reaching regulatory changes for Spanish stock markets. The commission will super vise the replacement of individ-ual stockbrokers by brokerage houses in which banks and other institutions will be able to own shares. It will also handle the introduction of computerised trading, in an upgrading preceding the removal of financial barriers within the Euro-Mr Croissier, an economist,

was industry minister for two years, until last July. Prior to that, he was chairman of Instituto Nacional de Industria,

The issue was also offered to

retains Euro-features, such as

حكذا مذلقهل

By Dominique Jackson

which Warburgs was the total fees of 2 per cent. arranger and underwriter, as with a conventional domestic investors on the basis of a set margin, in this case 135 basis points over the 13½ per cent UK Treasury gilt-edged stock of 2004/08, However, the issue

cles emerged, including a \$100m subordinated 25-year note issue for the Halifax Building Society.

As expected, no new dollar straight issues were launched with both New York and Tokyo closed. Today is proba-bly the last opportunity for a new dollar straight launch this weak as by tomorrow attem week as, by tomorrow, atten-tion will have switched to Thursday's US trade report for August. Reports were circulat-ing yesterday that Canada was about to tap the sector with a substantial issue.

Primary market issuance

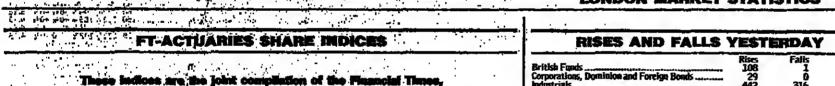
eventually emerged as a £100m 25-year subordinated note on

NEW INTERNATIONAL BOND ISSUES Amount m. Coupon % Price Fees Book runner 250 1012 101.45 1996 441.

Sec.Pacific A'tralia	50	144	101 %	1991	12/1	CSFB
STERLING Hallfax B.Society	100	11	101.791	2014	212	Warburg Securities
D-MARKS Finnish Export Cr. ♦	100	64	10134	1998	212/132	UBS (Germany)
SWISS FRANCS EIB CCCE Scand Airlines System	200 125 100	434 434 5	101 10034 10032	1996 1996 2001	n/a n/a 3/14	Credit Suisse Credit Suisse SBC
ECUs Export Dev. Corp. ♦	100	712	10158	1982	158/118	Banque Paribas
LIRE Eurofima‡◆	125bn	(a)	100	1996	75/40	San Paolo Bank
GUILDERS World Bank	300	814	101	1998	2/138	ABN

LONDON MARKET STATISTICS

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The size of the average pay-out on fees has also risen deci-sively. - to 88.46 per cent in the six-months, from 79.1 per

cent. Forthermore, delays in pay-ment of fees have been virtu-

But the board members attending the meeting remained too divided on the thorny issue of stabilisation

cent of new issues. This is down sharply from 14 per cent in the prior six-month period.

By Our Financiai Staff MR LUIS Carlos Croissier, Spain's former socialist minis-ter of industry, is to head the

pean Community.

CANADIAN DOLLARS Province of Quebec AUSTRALIAN DOLLARS

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CALLS PUTS Option

L. ...

the slightly higher issue price did not find as much favour. In spite of an apparently political boycott by the domestic banks, the deal found steady demand. At their regular meeting last Friday, the nine market mak-ers in Japanese equity warrant paper decided to set up an inter-market making role book which is intended to form the efficient code of a marking for the official code of practice for the secondary market in warrants along with 'establised AIBL rules. The new code is expected to include various. guidelines 'for example, undertaking to maintain a secondary market in all new issues of \$150m and above - which were agreed at a meeting early last month.

33

Three public issues in the Swiss franc market met a

warm reception yesterday. Crédit Suisse led two – a

SFr125m 10-year deal for

French government guaran-teed Caisse Centrale de Co-op-eration Economique and a SFr200m 10-year deal for the

European Investment Bank.

SBC was the lead manager on a SFr100m 12-year issue for Scandinavian Airlines System.

in Frankfurt led a DM100m 10-

year issue for Finnish Export Credit which is a triple-A rated

borrower on to a buoyant

Euromark sector which saw

average gains of about % point

in brisk trade yesterday. The 6% per cent coupon was

deemed attractive, although

Union Bank of Switzerland

r PACIDARIES STARE MOTES	RIJES AND FALLS TESTERDAY	Option Oct Jan Apr Oct Jan Apr Option Nov Feb May Nov Feb May
These indices are the joint compliation of the Financial Times,	British Funds Rises Falls Same 108 1 3 Corporations, Dominion and Foreign Bonds 29 0 20 Industrials 442 316 838 Fisnancial and Properties 195 106 363 Oils 18 33 54 Plantations 54 25 112 Others 54 25 112 Others 67 40 141	Atticel Lyons 420 55 67 80 3 15 20 LASINO 500 52 77 90 22 34 43 (*171) 460 27 24 35 37 50 37 (*527) 650 26 50 45 46 85 67 Brit. Almengy 140 29 31 36 1 2½ 4 P. & 0. 550 42 63 70 8 14 23 Brit. Almengy 140 29 31 36 1 2½ 4 P. & 0. 550 42 63 70 8 14 23 (*167) 160 11 16 21 3 7½ 11 (*582) 640 12 32 38 28 35 47 140 13 37½ 12 7582 640 12 32 38 28 35 47 </td
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101 Preference competition and a second seco	for rate indications see and of Day, JFB Wagon industri, Dixons, London Share Service Reckitt & Colman, Amersham.	420 8 21 30 53 57 63 October 10 Total Contracts 29,029 Calls 21,149 Puts 7,880
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INTERNATIONAL COMPANIES AND FINANCE

Sara Lee wins approval to purchase Bic stake

By Our Financial Stat

MR PIERRE BEREGOVOY, the French Finance minister, said yesterday he has given the go-ahead for the sale of a stake maintain its manufacturing in Société Bic's Dim stockings and underwear subsidiary to Sara Lee, giving the US foods and consumer products group majority control.

Bic agreed in principle in January to sell the 31 per cent stake in Dim to Sara Lee this year for FFr300m (\$47m). Sara Lee already held 23.9 per cent of the company. The Government had with-

France employing about 5,000 people. In 1987 the group posted a net profit of 55m france on turnover of 1.39bn.

Under the deal agreed earlier this year, Sara Lee agreed to pay FFr641 per share for Dim. Full conversion of a FFr20m activities in France. Mr Marcel Bich, Bic's chair-

bond issue made by Dim last April and subscribed for by man said in May that part of the French textile industry was putting pressure on the French government to keep Dim Sara Lee would bring the US group's stake to 61 per cent. Bic retains 37 per cent control over the stocking-maker.

Bic shares were quoted yes-terday FFri4 up at 844. FFrDim shares are only quoted on the Paris over-the-counter market. They were last quoted on Sep-tember 30 at FFr750 each. Dim has 12 factories in

Air Europe builds up services and its corporate identity

ench.

By Michael Donne, Aerospace Correspondent

AIR EUROPE, part of Mr Harry Goodman's International Leisure Group which is now build-ing up a network of European scheduled air routes out of Gatwick Airport, is to intro-duce a new Business Class ser-vice from October 24. This will feature special cabins with improved seating, separate check-in facilities, improved in-flight service and special airport lounges.

Initially, the new class will be offered on flights to Paris and Brussels, extending to Munich and Geneva on Novem-

The abiline is also expanding its fleet and by next summer plans to have 13 Boeing 737s on its European scheduled ser-vices. Also, Air Europe will change its handling agent at Gatwick to ServisAir enabling it to introduce its own identity with dedicated checkin areas ber 1, with increased flight fre-quencies to Palma and Gibraltar. From next spring, it will be introduced on new sched-uled routes to Oslo, Stockholm, Rome, Barcelona and Malaga. Air Europe will also be offer-ing competitive fares on the ing competitive fares on the Paris route - £92 (\$154.50) sin-gle compared with £109 on Brit-ish Airways and Air France. By early 1990, Air Europe expects to be operating more than 30 scheduled services a day from Gatwick to European Continental points, compared with 17 services at measure. with dedicated check-in areas

and departure gates. Mr Goodman said that "we have always promised that we will have a very high standard of scheduled services at prices significantly below our compet-itors. We are now delivering that promise."

Credit Lyonnaise in capital notes issue

By George Graham in Paris

CREDIT LYONNAIS, the third largest French bank, is to issue

\$350m of capital notes. These notes, paying London Interbank Offered Rate (Libor) plus 1.05 percentage points for the first 15 years of their life and nothing thereafter, are subordinated to the last rank of creditors and are non-cumulative in the event of the nonpayment of interest. The bank said they therefore formed the category of paper closest to

equity. Along with many other French nationalised companies, Credit Lyonnals has reached the limit of 25 per cent of its capital issued in the form of certificates of investment, or

non-voting shares. Without a change in French law or its privatisation, it cannot raise new equity capital, but the bank has said that it will need to raise FFr Shn-4bn in the capital markets if it is to finance its planned rate of growth and comply with new bank prudential ratios.

The issue has been bought in tis entirety by Merrill Lynch, which will place it in the inter-national markets. Merrill also handled the recent complex issue of FFrächn of perpetual. subordinated paper for Bhône-Poulenc, the French stateowned chemicals group.

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UK single property schemes under study

By Paul Chesseright, Property Correspondent

THE PROPOSED new market for single property schemes in the UK is likely to be best suited to the needs of institu-tional and professional inves-tors during its initial stages, according to a study of prop-erty unitisation prepared by the College of Estate Manage-ment in England. For private investors, unit trusts specialising in the schemes could be established, the study suspests. THE PROPOSED new market

the study suggests. After several years of discus-sions and drafting of regula-tions, the first issues of securi-

ties giving investors a stake in a single building are likely to be floated on the London Stock Exchange in late December of this year or possibly early in

1989 It is widely expected that the first issues will probably be property income certificates. which would entitle the holders to a portion of the rental income from a building and a: share in the management com-pany which would be set up to ran that particular building. But the study warns that the

new market is unlikely to take off or be successful if the inti-tial performance of new issues 18 TOOPT.

Drawing lessons from Ans-tralia and the US, Mr Bill Maxted, the author of the study says "It is important in the UK that the proposed schemes are not similarly tarnished soon after their

introduction by any unsatisfac-tory flotations. The initial value of the properties before flotation must be seen to be regarded by the market as reli-able." This infunction relates both

to the quality of the properties floated on the market and the ability of the managers of those properties to increase the income stream from them.

means stream iron them. "Single property schemes, where the property is let to one tenant on a lease with infre-quent rent reviews, does not provide an opportunity for entrepreneurial management." Mr Marted warns.

Thus the best properties to encourage trading in the secu-rities will be large and multi-tenanted. Shopping schemes and complexes fall into this conserver. Category.

category. One of the objects of creating the new market is to introduce , greater liquidity into the prop-erty market. Mr Marked is con-fident that this will be achieved, although he motes that there may be a change in the traditional perception and intention of purchasing prop-erty as a long-term investment. "A listing seems to make property a hybrid investment vehicle in that it exhibits both property and equity invest-

property and equity invest-ment characteristics," he says. Unitisation of Property by Bill Maxied; College of Estate Management, Whiteknights, # RG6 2AW; 135

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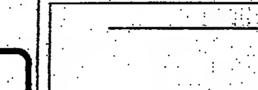
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FINANCIAL TIMES TUESDAY OCTOBER 11 1988 والمجرور للكالمرد والمكامر والمحار والمحار

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a balaye ayan yang aya balaya aya yang yang aya yang yang A new Measure of Progress: Siemens Megatechnology

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Megatechnology is today's driving force in microelectronics. It is the standard against which all future progress will be measured: whether the standard be technical innovation or price competitiveness.

Megatechnology is here! State-of-the-art production techniques allow for submicron devices to be produced with unprecedented reliability. The Megabit DRAM, for example, contains 2.2 million components on a chip only 45 mm² with capacity to store the contents of 64 typed pages - about half the text of a small novel. Such progress is a new dimension in high-speed semiconductor memory technology, but has only been achieved after considerable financial and human resource expenditure involving technical development, advanced fabrication methods and quality assurance engineering.

Siemens is the only European manu-facturer of 1 Megabit DRAMs, yet develop-ment is well advanced for the next generation of the memory - a 4 Megabit device involving even smaller scales of integra-tion. This chip – with sufficient capacity to store an average-sized novel - will be in production by next year.

Progress continues, for high-capacity memories are only a means to an end: they are the "vehicles" for even more complex chip technology that will bring greater innovative trends to: telecommuni-cations and information technology, indus-trial electronics, automotive electronics, entertainment electronics and many other fields where innovation linked to quality are key factors.

You can obtain more information concerning the state of Megatechnology from Siemens at Electronica '88 in Munich from 8th - 12th November in Hall 23 on Stand A4, or just call our U.K. Sales Office at Sunbury-on-Thames on 0932785691. There is a Megasolution to all your microelectronics problems!

UK COMPANY NEWS

Broker

Diversifying property developers report successful first-half results No surprises as LET rises 43%

By Paul Cheeseright, Property Correspondent

LONDON & EDINBURGH share of about 170p against 97p Trust, property development at the end of 1987. and investment gronp which has been diversifying into

has been diversifying into financial services, yesterday announced interim profits sharply higher yet broadly in line with market expectations. Although this immediately

added 2p to the share price, the rise in a flat market was not sustained. The price slipped back to its overnight level of

Pre-tax profits for the six months to June were £22.2m, 43 per cent higher than the £15.57m earned in the same period last year. Earnings per share rose to 7.13p from 5.5p.

Brokers are predicting fullyear pre-tax profits of about 548m, compared with £34.6m in 1987 and a net asset value per

property group specialising in business parks but with a growing retail development programme, doubled its profits in the first half of 1988, writes Paul Chaogaright

Paul Cheeseright. Pre-tax profits for the six months to the end of June

were £3.04m compared with

£1.5m in the same period of 1987. But this is not a reflec-

tion of the company's pros-pects for the whole year. Arlington draws in most of its

profits in the second half. Whole year pre-tax profits for

Arlington Secs ...

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dend for the full year and thereafter to adjust the divi-dend in line with growth in

earnings per share." Last year's final was 1.25p.

Keith of Castleacre, chairman,

First-half earnings per abare were 2.5p (1.73p), and the direc-tors have declared an interim dividend of 1.8p compared with 1.2p at this time last year and full-year payments for 1987 of

On the market, where trad-ing was less than exciting, the

The group, which recently went into the market with a

cumulative preference issue to

raise funds for further expan-

shares rose 2p to 151p.

0.4

2.75

0.75

told shareholders.

4p a share.

Shareholders will receive an interim dividend of 1.5p, dou-ble that at the halfway stage in with profits from projects in central London, London's Docklands, Leicester and 1987. Mr John Beckwith, chairman, said: "The board intends to recommend maintaining a similar rate of increase in divi-Southampton

There should also be a profit of around £6m from LET's interests in financial services, where the main vehicles are Rutiand Trust and BKR Finan-cial. Mr Beckwith said that by 1990 it was hoped that financial LET's pre-tax profits were boosted by a threefold rise in net rental income to \$7.47m. This partially reflects the acquisition of the industrial services would account for a quarter of group profits.

LET has recently been engaged in a programme to protect itself from interest rate increases. Through Goldman and commercial assets of Washington New Town. But the group has also been hold-Sachs, the investment banks, it has converted about 60 per cent of its £142m medium-term ing more of its office and retail developments. The larger part of the devel-Business parks lift Arlington to £3.04m

Solents I and II at Fareham, Aztec West near Bristol and Birmingham - are revenue

The sixth park, at Reading. has just started construction. In addition and subject to plan-

producing.

opments profits in the first half came from Paris projects, but the group's domestic pro-gramme will contribute strongly in the second half with form projects and half or property interests will play an interest contraction over the longer term, it seems likely that overseas property interests will play an interest contraction over the longer term in property interests will play an interest contraction over the longer term in property interests will play an interest contraction over the longer term in property interests will play an interest contraction interest contraction over the longer term in property interest will play an interest contraction over the longer term in property interest will play an interest contraction over the longer term in the second half property interest will play an interest overseas property interests will play an increasing role in LET profits. The group has obtained plan-ning permission for a 400,000 sq ft shopping centre outside Madrid. Ventures in Germany will make a profit contribution in 1989.

LET's share price has moved sluggishly since the equity market crash a year ago, against the background of a market preoccupation with asset rather than earnings comulation. This lies behind Mr Beckwith's formal state-ment that: "It is the objective of the directors to achieve a balance between growth in earnings per share and growth in net asset value per share." See Lex

penalised back to £14.7m for full year by Panel By Andrew Hill on Ruberoid By Andrew Hill THE Takeover Panel yesterday forced Smith New Court, the

and the second second

stockbroker, to make amends for breaching the Takeover. Code at a sensitive stage of the hid for Ruberoid, the roofing materials group, by house-builder Raine Industries.

Smith New Court acts as market-maker for Ruberoid and is therefore exampt under the terms of the code from carthe terms of the code nom car-rying out dealing which would assist the company. According to Raine's adviser, Barclays de Zoete Wedd, Smith New Court sold

Im Ruberoid shares - about 2 per cent of Ruberoid's equity - to Tarmac, the building materials and construction

alternative. The Panel would not com-

to the breach, and said it was continuing to discuss the mat-ter with Smith New Court. As a result of the Panel rai-ing, Raine has now received acceptances of its 230p - share-bid representing about \$1.1 per cent of Ruberoid's issued capital. The stockhroker could have lost an estimated \$00,000 as a result of the enforced deal.

ATTWOODS, which collects and disposes of 14,000 tonnes of waste every working day, increased pre-tax profits by 24

mcreasen pre-tar promis by 24 per cent to £14.7m in the year to July 31, compared with £11.9m in 1986-87. The weaker US dollar reduced profits at this acquisi-tive waste management and quarries group by £1.74m, but Mr Ken Foreman, chairman, said pre-tax profils expressed

said pre-tax profils expressed in local currency had risen by 43 per cent in the US. About 71 per cent of group turnover - which rose from \$73.3m to \$31.6m - and 77 per cent of pre-tax profils come from the US. Existing businesses

from the US. Existing businesses increased profits by 17 per cent and turnover by 19 per cent, and earnings per share rose from 18.040 to 20.590. June's 240m placing of con-vertible preference shares reduced gearing from 122 per cent at the end of the 1960-87 financial year to 22 per cent at July 31. The stake held by ADT Group is unchanged at 24.07 per cent. per cent.

Mr Foreman and MedX, Attwoods' medical waste col-

lection and incineration sub-sidiary, had benefited from increased media coverage of the problems of toric and medi-wondering whether hidden flow in the cal waste disposal in the US, and had doubled revenues and

Weaker dollar holds Attwoods

recent growth. Mr. Forenan is confident that there is not. "We'll collect and dispose of profits during the year. The group, which is also quoted on NASDAQ in the US, is now considering further anything," he says simply. Price seems to be the only important distinction between is now considering interesting sconsitions there, increasing its geographical coverage by adding to established operations on the east coast. The company claims to be the fourth largest in the US, with more them 10.000 smaller bush rival waste managers, so per-haps Attwoods is lucky to have escaped a bloody price war so far. On the other hand, the group's growing presence in the US means that it can cat costs if necessary, for example by more efficient operation of more than 10.000 smaller businesses competing for two thirds of a market estimated at its 700 US garbage trucks. In so \$20bn (£11.6bn). Attwoods. received \$162m of revenue last year, against \$112m in the prefar as there is any value to be added to the business, vious year. vious year. Attwoods, which has Mr Denis Thatcher, as deputy chairman, is also likely to com-pete for waste collection com-tracts being put out to tender by local councils in the UK. Local authorities account for

Attwoods is prepared to add it, moving into medical waste dis-posal, and preparing to inleast its mobile toxic waste incinerator on the European Incinerator on the European market. Analysis are looking for pre-tax profits of \$24m or \$25m this year; putting the shares, which closed up 2p at 294p, on a prospective multiple of about 12, a premium to the market, but a discount to other UK quoted competitors. about 80 per-tent of this coun-try's collection business. The company is recommend-ing a final dividend of 5p, mak-ing 7p (6p) for the year.

Further clash between Meyer

Followers of Attwoods must be

wondering whether there is a hidden flaw in the company's

MEYER INTERNATIONAL, timber and builders' merchant, clashed again yesterday with Travis & Arnold, the builders'

Meyer, which owns 28.95 per cent of Travis, and has accepcent of Travis, and has accep-tances in respect of 0.49 per cent, described Travis's posi-tion as "untenable." Travis favours a merger with build-ers' merchant Sandell Parkins. Sandell is offering eight San-dell', barras for every five smach is onering eight san-dell' shares for every five Travis, plus a special dividend of 16p per share. The first clos-ing date is today. On the basis of Sandell's closing price of 262p, that values each Travis share at 455p, compared with the market price of 578p and the Meyer cash offer (with a the Meyer cash offer (with a convertible preference share

option) of 600p. Sandell has acceptances-from 43.2 per cent of Travis holders. The first closing date for the Meyer hid is October 15.

ning consents, there about be earnings from projects at Gatwick, Gloucester and Portway, south other centres. . . This year there should also of Birmingham, over the medium term. But profits from retail prop-erty should this year begin to make a telling contribution. be a contribution from the mixed development at Port Solent. See Let Select Appointments final tranche

CELECT Appointments MAB achieved pre-tax profits (Holdings) is paying 56.24m of A\$8.66m (54.06m) for the cash and issuing a further LO7m new ordinary shares as the final tranche of the consti-

tis.49m is payable. MAB speci-alises in executive recruitment in Australasia.

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MEETINGS

BURNU
The following companies have actified dates
of bourd meetings to the Stock Exchange.
Such meetings are usually held for the par- pose of considering dividends. Official indice-
tions are not available as to whather the shidowde are interime or Insis and the sub-
divisions shown below are based cashly on
inst year's impiches.
TODAY

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Dividends shown pence per share net except where otherwise stated, "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues. SUSM stock. SSUngusted stock, 47hird

ARLINGTON SECURITIES, the result for the full year," Lord

1987 were £14.65m. The board "has reason to anticipate another satisfactory five – Newbury, Frimley,

Current Date of payment

Jan 31

Dec 30 Nov 17 Nov 25

Nov 30

Jan 6

1.8

5† 0.75

3 1,3 0,7 0,8

3.75 0.45

0.75

1.5

DIVIDENDS ANNOUNCED Total Total Corres lest year ponding for year eration for Morgan & Banks Group. 1.2 4.5 0.75 2.8 1.15 0.55 3.65

1.8 0.4 4.5

0.27

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group, on September 6. The shares were part of a tranche picked up by Tarmac as a pro-inde to announcing an agreed £141.3m cash hid for Raberoid two days later. Yesterday Smith New Court Schemes at Gloucester, Lancaster and Leicester are producing ter and Leicester are producing income. Others near Glasgow, in Shrewsbury and Bury St Edmunds have been com-pleted. Next year there should be a contribution from the Whiteleys scheme at Beyswa-ter in west London. The group has developments in eight other contras.

had to buy im Ruberold ahares in the market at about 260p, and sell them on to Raine's associate company, Moodscatter, at 254p, match-ing the terms of Kaine's cash

ment yesterday on the sequence of events which led to the branch, and said it was

deal Because the cash alternative has already closed, Smith New Court may also have to accept 2m Raine shares if the house In Kaine shares if the house-builder's cash and shares offer is declared unconditional, at a price of 97p, against yester-day's closing price of 85p. Raine is hoping that Tarmac's cash bid - at 280p a share -will be referred to the Monopo-lies and Margers Commission. Tarmac's position is

Termac's position is suchanged. The group still owns or has received accep-tances of its bid representing 21.1 per cent of the target's share capital.

LON

March to pay £1.25m for fellow racing car maker By John Grittins MARCH, the racing cars and week would leave Mr Hard as engineering group which has the only hoard member from seen profits fail sharply since the time of the USM debut. joining the Unlisted Securities Mr Hard, who has a 30 per Market last year, is buying cant stake, handed over the another racing car maker for chaltmanahip to concentrate on March's return to Grand

Ralt Holdings and its subsidfary Ralt Cars are being acquired to broaden the base of .

Herd in Angust. The acquisition, to be made from March's "existing

is to tarn March into the world's largest maker of inter-national formulae racing cars, chaiman of engineering group United Industries who also took over March's chaiman-

March's racing car manufac-turing activities. One objective

ship from founder Mr Robin

from march's "ensuing resources," comes at a time of major upheaval on March's Board. The expected resigna-tion of Mr Malcolm Shaw,

finance director, later this

on March's return to Grand Prix racing. Two months and March reported first-half pre-tax prof-fits of £112,000 on infinitier of £7,45m, compared with PSB,000 on turnover of £7,85m. Mr Cowan, who warned that there would be no infinitient in the second half, blamed abarply reduced revenue from the incrative indycar bincket. Rait is headed by Mr Ron Tauranac, former Brabham chief, who will result on a fitue-year rolling contact. If produces some 80 racing car chassis per year.

chassis per year. March's Indycar fortunes

could revive next year, is the result of an expected collegoration with Porache.



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It used to take four to six years for a fruit tree to produce fruit. And people always had this dream of faster and better harvests. Now DSM, one of Europe's largest chemical companies, has helped realize this dream.

In co-operation with the Research Station for Fruit Growers in Holland, the researchers at DSM have developed a com-

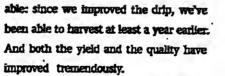
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pletely new fertilising technique for northwest Europe. They call it 'fertigation'.

It uses the environmentally benign drip irrigation system. The drip, however, is enriched with a special fertiliser which is fully soluble in water.

Thus the roots receive, drop by drop, moisture and nutrients. In exactly the right amounts. The results are remark-

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DSM () If we don't have a solution, we find one.

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UK COMPANY NEWS

Pilgrim purchase opens up the road of progress

Nikki Fait on fast-expanding Williams Holdings latest acquisition

A e : deal, remarked Brin McGowan, chief excutive of Williams Holdings, hearfully about the Barger companys recent Berger paints puchase, "it was almost as good s SCM."

SCM, of course, was the \$930m aquisition which Han-son mae in 1986, and which quickly roved to be one of the giant ongloinerate's most she cessful ransactions. The aside was nf idle: Williams would doubles like to be seen in the same cass of dealmaker as the nearJgendary transaction specialist But how close is it coming ?

ing ? Cerainly, with a 1900m mar-ket opitalisation the company has progressed a long way from the tiny Weish metals grow into which Nigel Rudd, nowchairman of Williams, and Mctowan moved in 1982. And McCowan moved in 1962 And certainly, in more recent times, it ias demonstrated plainly that the October crash and charged stock market condi-tios need not spell an end to acuisition activity. (esterday's £331m deal with Dorim Homes is the fourth.

Pigrim House is the fourth and largest purchase made shee then - the others being Burger, which cost £133m and ween Meyer Reger, which cost £133m and and RHP took a dominant ivolved a straight equity share of seats on the new isue, and then two smaller board, cash bids, Newage Transmis-sons for £18m and Smallbone changed and PHG bas fr £24m. What Williams is actually acquisition - the \$254m acqui-buying this time round is a sition of US-based Kidde Fire mixtare of electrical and elec-Protection businesses from

By Philip Coggan

e ; deal," remarked Brin McGowan, chief Lexcutive of Williams the US. The Pilgrin House anys recent Berger tion and supression interests, puchase, "it was almost various elefro-mechanical con-trol under the usinesses interests, based between the UK, Europe and businesses take in fire detec-and supression interests, based businesses take in fire detec-and supression interests, supression interests, based businesses take in fire detec-additional borrowing, and a Kidde businesses made pre-in-trol under which are used in rantly put at 265m-270m), some additional borrowing, and a \$42.6m vendor placing. The Kidde businesses made pre-in-terest profits of \$26.1m on sales trol products which are used in the marine, car and defence industries; and micro-switch manufacturing operations. Pilgrim House, however, has

of \$263m in the year to Janaury 2. Again, the purchase has hit a hitch - this time in the form of the US Federal Trade Combeen an unsettled creature of late. Last December, RHP -mission which is inquiring into the former-Ransome Hoffman the competitive effects of the transaction and is currently

the former Bansome Hoffman Pollard — disposed of its origi-ital ball-bearings business for \$73.5m; leaving itself with a handy cash pile and growing electrical engineering and fire detection interests. A month later, it unveiled an agreed marger with Burgess, a slightly smaller electrical engineering business - thereby creating a company with annual sales of "about \$226m and a market cap-talisation of some \$250m. Accordingly, the vendor plac-ing, which only saw 48 per cent clawback, has lapsed. Cawback, has lapsed. Yesterday, Williams made clear that - assuming its own purchase of PHG goes ahead it is basically committed to the Kidde deal, but would expect to finance the entire transaction in cash instead. Hanson, as Italisation of some £250m. tight lipped as usual, ventured that while it could not pre-judge future announcements, The deal was not smooth. Some weak trading results and problems in a West German subsidiary were uncarthed at Burgess — suggesting a £2m profits shortfall on the £11m

hage ruture announcements, the Williams purchase of PHG "does not change things" and that it hopes the deal can be completed at some stage. That said, in the words of McGowan, "all bets are off" from October 15 - with either Hanson or Pilgrim free to rene-gotiate, walk away or simply expected in the year to July. The bld terms were revised

down by almost 10 per cent, and RHP took a dominant

Hanson or Pilgrim free to rene-gotiate, walk away or simply extend the completion date. Yesterday, the Williams sistement said only that it was "expected" that the date will be extended to take account of the Hart-Scott-Rodino (anti-trust legislation) waiting side.

surs I dread

period. Even so, the whole situation offers the intriguing pos-sibility that the Rudd-McGowan team will indirectly confront Lord Hanson across a negotisting table. ("It would work quite well," says Mr McGowan, "It's the amateurs I

dread.") But, while the Kidde busi-nesses are obviously a key fac-tor in the PHG deal, Williams makes clear that the rationale for the basic deal is in no way dependent on the outcome here. Its argument is that PHG will help redress the balance between engineering interests and the recently-expanded con-sumer and building products

With Kidde included, its rather grandly-pamed indus-trial and military products division would more than dou-

almost 40 per cent of pre-tax profits, compared with 17 per cent previously. Geographically, too, Wil-liams argues that the transac-

tion - again with the Kidde interests - will raise overseas exposure in line with declared policy. The UK proportion of pre-tax profits could fall from 77 per cent to 68 per cent, while North American earnmgs might rise to 22 per cent of the total. The declared target is about 30 per cent.

In balance sheet terms, much obviously depends on Kidde. In the "worst" case – £150m cash for Kidde and no disposals – Mr McGowan puts pro forma gearing after writing off goodwill at just under 50

bit goodwin at just under 50 per cent. If some £50m of dis-posals from within PHG (which has been looking at possibli-ties) and Williams can be found, Mr McGowan suggests about 30 per cent; if another 250m came from within Kidde (again mooted by PHG when it announced the deal) the ratio would be back to 12 per cent. The contrast with the recent spate of transactions, which have concentrated on the consumer products side and often

involved under-managed busi-nesses, is freely admitted by Williams. But the deal appeared no less welcome by analysts for that. However good the Berger deal was short-term, befty paint interests did little to glance

ble in size and account for improve the longer-term rating, and even the expansion of the consumer interests when brakes were being applied to spending generally, raised the odd question-mark.

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"It's not entirely surprising," commented one feirly commented one feirly enthuiastic analyst yesterday. "It brings in higher growth engineering areas, so you haven't got the paint dragging things down." Yesterday, Wil-liams shares eased only mod-estly from 282p to 276.5p. PHG's decision to give up independence, on the other hand, was being explained by an almost reluctant concession

an almost reluctant concession that a bigger grouping could offer more management and financial muscle.

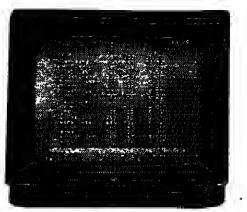
"We would have been quite extended," conceded Mr David Ewart, chairman, yesterday. He denied, however, the board had not been unanimous in recommending the deal, or that the Kidde purchase could not have been refinanced.

Doing sums on the deal overall is not made easy by the Kidde uncertainty. However, excluding the Kidde transaction altogether, Warburg Securities was yesterday suggesting that the price represents a multiple of about 13.5 times prospective earnings at PHG -which, if correct, does not look noticeably overgenerous and might even cause others to

Lord Hanson might even approve

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Compulsive Phewing

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against the off company. However, Mr Monk said that vehicle br other business any proceedings would be fol-lowed by a counter suit against. Mr Hassel's involvement Mr Rosen and Mr Jessel in the caused considerable specula-

Falcon faces litigation threat

MR. RONNIE MONK, the US courts, with a view to hold-reelected chairman of Falcon an immediate challenge from Venturelarge, the investment group which Mr Monk defeated at an extraordinary general Mr Jonathan Rosen who, Mr Jonathan Rosen who tion that he might be making a comeback - his Jessel Securi-ties empire collapsed in the wake of the 1974 crash - but Mr Jessel has consistently denied any such intentions. Mr Monk, who opposed the

Venturelarge plans, announced yesterday that an average of 71 Mr. Jonathan Bosen who, After making a 5480,000 loan together with former. City to Falcon, Venturelarge took high-flier Mr Oliver Jessel, management control of the runs Venturelarge, said yester. group in Jainary this year and day that his group, which is planned to solit the company Falcon's single largest creditor, in two; thk US oil and gas intended to issue a petition to interests, which would have take insolvency proceedings been sold, and a UK "shell". per cent of shareholders had supported his proposals at last week's egm, compared with 29 per cent support for Venture-

Falcon said yesterday that it would proceed with plans for a recapitalisation of the group and with proposals for the relisting of its shares. Details of the package would be trans-mitted "as early as possible".

LONDON MERCHANT Last night, Mr Robert Rayne, LMS director and e nominated Securities, the largest share-bolder in Carless, yesterday said that it intends to vote curities, the largest share-LMS director and e nominated director on the Carless board, maintained that at the outset LMS had not been been fully aware of all details and projec-tions involved in the offer. He said that LMS's objections rested on a belief that Carless against the oil company's proposed £90m taksover of Ryan International, opencast coal-mining and recovery group, at Friday's meeting of sharehold-

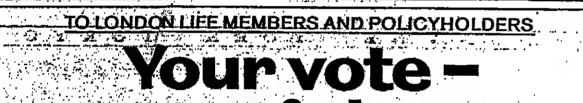
LMS against Carless bid plan

was overpaying, that the qual-When the deal was first ity of its earnings would be diluted and that the company would have a better rating LMS was stated to be backing it in respect of its 27 per cent holding. However, a few weeks later, the investment company delevation of the state of the state of the state holding is a state of the state of the state of the state holding is a state of the state of without Ryan. He added that there had been no pressure from other sharebolders to take this declared that chances of its support were "remote". It said yesterday that the latest statestance, although some support-

tions, mooted at the time when LMS first indicated a shift of stance, that the company was making a last-ditch attempt to attract a bidder for its stake.

Mr Ian Clubb, Carless chief executive, pointed out that an LMS representative had been present at the board meeting which approved the Ryan deal which approven the reyain team and that he had been given details of the planned purchase in advance. Mr Clubb said he "fundamentally disagreed" with criticisms of the price and helicitation is a comparison believed it was appropriate.

LMS aside, about 50 per cent ive institutions had been in touch in the past couple of days. He also denied sugges vate shareholders. of Carless is held by institutions and the remainder by pri-



This announcement appears as a matter of record only.

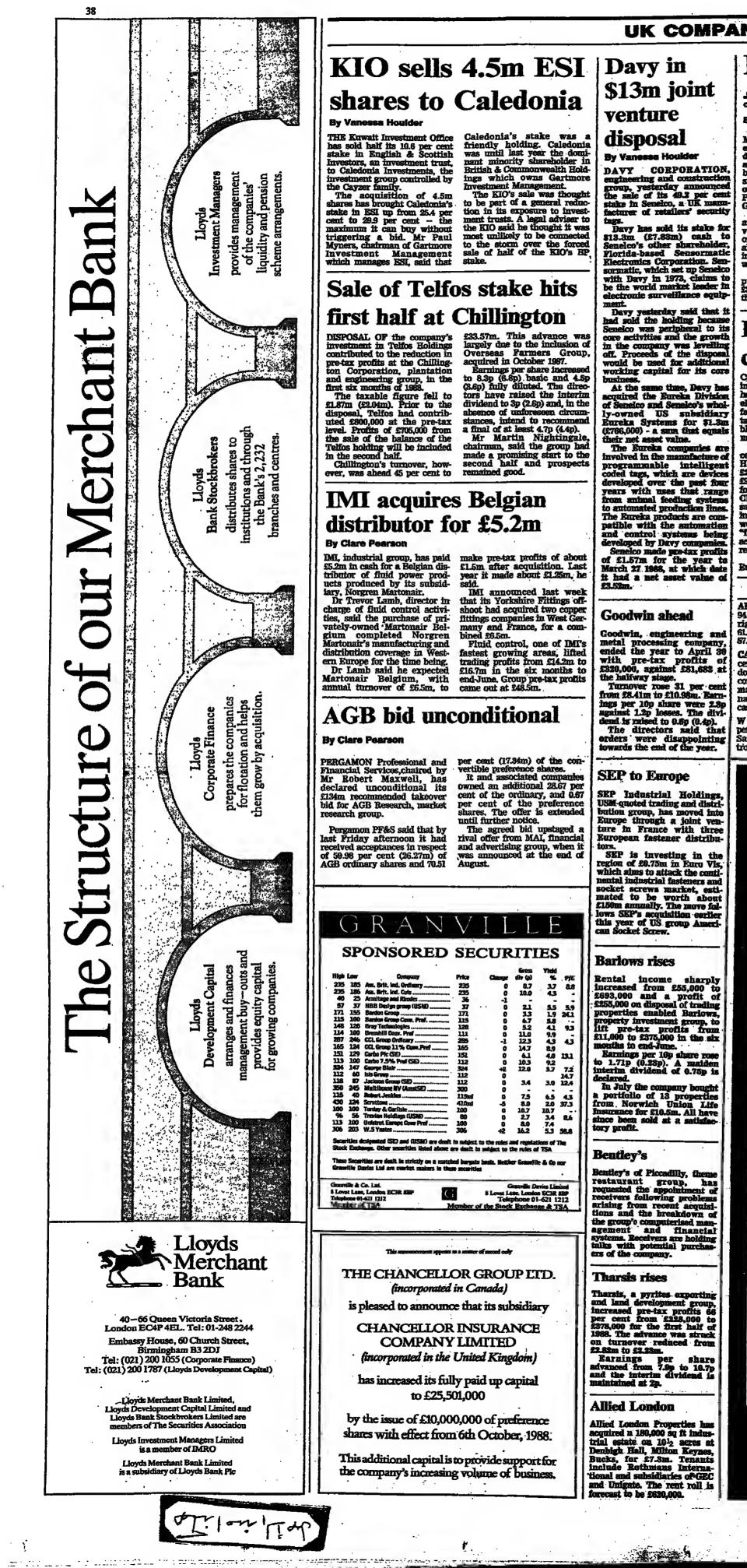


By Nikki Talt

ment was designed to clarify

the situation.

Your Board is convinced that the merger with AMP is in your best interests and urges you to vote to support the merger. We believe that the merger will provide:	
GREATER FINANCIAL SECURITY	Control Securities plc
BETTER BONUS PROSPECTS	£50,000,000
In tomorrow's increasingly competitive of the future. world, it will be more important than ever Proposals for the merger are fully des- before for phicyholders to be cribed in the document dated	Revolving Unsecured Loan Facility
and vigorous life offices. The have any queries, please con- tact the Merger Helpdesk on	Arranged by
and AMP will combine the com- plementary strengths of both effices, and ensure that the portant; you may use the	The Sumitomo Trust & Banking Co., Ltd.
London the business is well proxy card sent to you or the coupon below to cast it.	Lead Manager
	The Sumitomo Trust & Banking Co., Ltd.
THE LONDON LIFE ASSOCIATION LIMITED FORM OF PROXY Extraordinary General Meeting	Managers
I, he undersigned, being a member of The London Life Association Limited ("London Life"), hereby appoint the Cairman of the meeting See Note (1)	Barclays Bank PLC The Chuo Trust and Banking Company, Limited Standard Chartered Ban
army poxy to vote for me and on my behalf at the extraordinary general meeting of London Life to be held at Cinema 1, Biblican Centre, Barbican, London EC2Y 8DS at 12.00 noon on 19th October 1988, and at any adjournment thereof. I sect that my vote(s) be cast on the special resolution as indicated in the box below.	Participants
SECAL RESOLUTION (Intaile of the resolution can be found in the circular to umbers and policyholders dated 27th September 1988) For Againet	Banco Bilbao Vizcaya S.A.Bank of New ZealandBank of ScotlandHill Samuel & Co. Limited
F Name1986	
(R ceptimb pieces) AlressSignature	Agent
Tacilitate the administration of the meeting it would be Preference Club Number	The Sumitomo Trust & Banking Co., Ltd.
toful if you would state your Preference Club member- or Sp number (or current policy number). Current Policy Number	
A member entitled to attend and vote at the extraordinary general meeting A member entitled to attend and, on a poll, vote on his or her behalf. To r appoint a provi to attend and, on a poll, vote on his or her behalf. To	
bint as proxy a person other than the Chairman of the meeting, in and address for she must attend the meeting in person. Its "the Chairman of the meeting", and ingest the full name and address for she must attend the meeting in person. (4) Unless otherwise directed, the proxy will abetain or vote as he or she	September 198
dur proxy in the space provided and and the power of attorney or other authority thinks fit. to be valid this form of proxy and the power of attorney or other authority (5) If you have any quantitons about this form of proxy please telephone 0800 (authority, must be deposited with the Secretary of London Life at the 717111 (free) and ask for the Merger Helpdesk.	



UK COMPANY NEWS

Midsummer Leisure KCA ht by £2.2m expansion By Clare Pearson

MIDSUMMER Leisure, the expanding pub, smoker and discotheque company, is adding to its East Midlandsbased contract services divi-sion with the £2.15m purchase of Nottingham sign maker I.V. Pannell and its subsidiary

Greatway. The bulk of the consider-ation is being satisfied by a vendor placing of 1.2m new ordinary shares. But there will also be a payment of £100,000 in cash, and an issue of £18,090 worth of new shares.

The vendors have warranted pre-tax profits of at least \$375,000 for the 12 months to the end of last month. The previous year's £2,215 pre-tax profifs, on £2.54m turnover, were depressed by capital invest

ment. Mr Alan Page, Midsummer's chainmin, said 60-year-old L.V. Pannell was well-respected in the East Midlands area, with an impressive client list. The head of Midsummer's contract

head of Midsummer's contract services division was formarly Pannell's general manager. Midsummer has been spend-ing heavily on acquisitions this year, notable deals being the \$6.6m purchase of Brnce's. Brewery in March, and the \$7.5m acquisition in August of Maygay, an amusement machines concern.

19 share canis out at 52p (2.13p). Pollowing a capital rearan-isation in March the group a 75.53 per cent-owned subli-lary of Roishold, is in a po-tion to pay dividends but be directors pointed out that with trading conditions expected to remain difficult, say decisin regarding the level of dividesi about be deferred until the fall results were known.

Diversification at Lanca pays

dividends

Lunca, the handbag and clothing manufacturer and impurter yesterday unveiled :

is proposed — the first such payment since the group's shares were relisted in 1980.

Medminster rises

Medminster hicrosed its Medminster increased its profits before tax from 2921,054 to E1.1 in on turn-over \$2.42m about at £15.13m for the year anded June 30 1968. The group is mising its dividend for the year by 1.1p to 3.667p vis a final of 2.5p. Barnings worked through at 9.79p (7.81p) par 10p abore. 100

Adwest 1988 A year of progress and provide a second second and the second secon Results for the year to 30th June 1988
$$\label{eq:states} \begin{split} & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} \left(\frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+1)^{i+1}} \right) \\ & \sum_{i=1}^{N} \sum_{j=1}^{N} \frac{1}{(i+1)^{i+1}} + \frac{1}{(i+$$
A. O t the second - - - Ter Tare The and the second The Chairman, Mr. Fred Grant, says: "The above-average increase in dividend, together with the proposed capitalisation issue, underlines the Board's corridence in being able to maintain this improved netformany in the coming year." Copies of the Annual Report, containing the Chairman's Statement in ful are available from: The Secretary, Adwest Group plr., Reading RG5 4SN Automotive components Defence equipment Adwest Electrical and Engineering products Property development.

57.8m were applied for.

CALA is acquiring the 25 per cent of Merebrook Properties it does not already own. Total consideration is about £750,000, cash

made up of 172,418 new ordi-nary and about \$500,000 in W CANNING has acquired 75

per cent of the share capitals of Santos del Valle and Semi-tronic, both engaged in the dis-

process controls,

ALLIED IRISH BANKS: Some

Densitron doubled on continued organic growth CONTINUED organic growth

ticularly strong with signifi-cant growth in France and West Germany. Operations in Asis, although affected by the in all its geographic areas helped Densitron International, electronic components manufactorer and supplier, report taxable profits more than dou-bled to £865,000 in the six months to Jone 30. strong yen, had seen new alli-ances with Japanese compa-nies, while US activities reported increased sales and orders.

reported increased sales and orders. On future prospects. Mr Hardcastle stabed: "Growth has come from new product inno-vation. We are committed to state of the art technology and currently have several new products coming onto the mar-ket which should make an impact during 1969." After tax of £382,000 (£176,000), earnings per 5p share increased to 2,96p (1.37p). The interim dividend is lifted from 0.55p to 0.7p.

COMPANY NEWS IN BRIEF

tribution of electronic compo-nents and operating principally in Madrid and Barcelona. Ini-tial consideration is about \$1.9m for the bulnesses with a farther payment in 1990 based on profit performance. DOBSON PARK ANDUSTRIES is acquiring a 32 pc cent stake in Datastor and ben gramted an option to acquire the bal-ance of the capital pittin one year. Consideration & 2200,000 is to be satisfied by 2100,000 cash and 106,980 share. Datas-tor nakes electronic bates and process controls.

incluins to June 30. Turnover expanded by 25 per cent from £9.49m to £11.85m. Higher interest charges of £222,000 (£97,000) included £91,000 incurred in protecting foward rates of exchange. Mr Cliff Hardcastle, chairman, said increasing stability in international financial markets would enable the company in would enable the company to "fine tune" its cover more.

accurately with a consequent reduction in costs. Mr Hardcastle said that European sales had been par-



difficult trading and

weak dollar DIFFICULT

conditions, aggraved by a weak dollar in the edy part of the year, resulted a profits of the KCA Drilling Gian fallof the RCA Drilling Ging fall-ing by 2464,000 to 51 Jin pre-tax for the first half ouges. However, interest was reduced to 2003,000 (26,000) due to a continued sirul cash flow and tax remained by at \$129,000 (2847,000) due to the availability of allowards in the UK. JI

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the UK. Turnover was lowe Flicken, against flicken operating profit down \$2.24m (f2305m). Earning ip charé came out at for at

UK COMPANY NEWS

Land Securities builds up | Colorgen incurs loss industrial portfolio

By Paul Cheeseright, Property Correspondent

LAND SECURITIES, the largest British property invest-ment group with a portfolio worth more than £40n, is speading £2/m to build up its relatively small industrial port-has more than 5m sq ft of industrial property this

relatively small industrial port-folio. Of that figure, £15m is going on two ventures. The first is a 112,000 sq ft development with 12 tenants at Frimley. Surrey, from Lynton Property and point venture with Commercial Development Projects - an saccounts for just 1.51 per cent of the value of its total portfo-lio. Its last annual report; list-ing industrial properties val-ued at more than £2.5m, showed that the group had made no major moves in this At I.E. 2: core: Was bei bera: ag stoli the 2 tan (C. Stoli the C. Stare came or a) Development Projects - an sector since 1981.

LAND SECURITIES, the 18.6 acres site at Hinckley, Mr Peter Hunt foreshadowed statement

chases.

further investment in indus-trial property in his chairman's the year to June 30: USM-quoted group reported taxable profits of \$101,781. Mr John K O'Brien, chairman, attributed the "disappointing" results to a slowdown in the

This year, the returns from industrial property have been outpacing those from offices and retail property. In recent years, Land Securities has devoted the greater part of its efforts to increasing the value of its office and retail portfolio and has made a number of major retail warehouse pur-

. •.

but outlook brighter COLORGEN, US-based pean operations. computerised colour matching Net sales expanded slightly to \$2.73m (\$2.67m). Losses per share worked through at 2 cents (samings of 1 cent). specialist, incurred a deficit of \$338,000 (£195,000) before tax in In the previous year, the

However, since June Colorgen has undergone a number of changes in organisation and sales and marketing strategies, which have brought immediate improvements. Mr O'Brien said gen's primary activity during the year, and results below expectations from the Eurohe expected the first half of the current year to be the group's best ever.

ISA International up by 87% to £1m midway

US coatings industry, Color-

information processing equip-

ment, increased pre-tax profits by 87 per cent from £563,000 to

flosm in the first half of 1968. Turnover for the company, which came to the market in

October 1987, rose 40 per cent from £8.26m to £11.53m.

On earnings per 5p share

Glasgow-based Security

Vision Nameplates, manufac-turer of a patented door

TYNDALL HOLDINGS has

Turnover came to 231.84m (£24.2m) and profit to £2.08m (£1.25m). Exchange losses of ISA International distributor which advanced to 3.36p (2.13p), the directors declared a £230,000 and exceptional losses of £12,000 have been of branded consumables for maiden interim dividend of taken into account. 0.45p. The acquisition in Septem-Strong organic growth was experienced, especially in the

ber of Computer Supplies had expanded ISA's end-user base and he added that the company would continue to seek further suitable acquisitions to accelerate growth.

SHARE STAKES

ing.

and substantial shareholder in Changes in share stakes announced recently included-Guidebouse. Allied Colloids - George Wes-London American Ventures ton Holdings bought 1.2m shares to lift holding to 13.65m Trust - Equitable Life Assur-ance and associate increased

US growth

accelerates

High-Point

to over £2m

HIGH-POINT has continued its

growth, lifting turnover 31 per cent and profit 66 per cent in the year ended May \$1 1988.

This project promoter and consultant in development and construction suffered higher

effective tax because of an

increased proportion of profits earned in the US, and associ-

ates' loss which did not qual-

This left earnings 50 per cent higher at 26.27p (17.54p). The dividend is raised from

4.5p to 5.75p, with a final of

Acquisitions took group ser-

vices into earth science consul-tancy, and pollution monitor-

tfy for full tax relief.

8.75p.

holding to 5.58m shares (6.1 per cent). Macallan Gleniivet - London Residuary Body holds 653,000 ordinary (8.2 per cent). Manders Holdings - British Steel Pension Fund interested in 7.57m shares (24.6 per cent). Microfilm Reprographics -Govett Strategic Investment Trust holds 2.14m shares (9.28 per cent) and Universities Superannustion Scheme owns

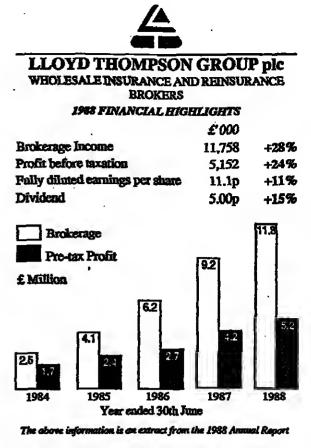
2.Im (9 per cent). Pacific Assets Trast - Esso Pension Trust increased interest to 5.4 per cent. MBS - Eramon Securities Interested in 5.54m shares (5.51 per

cent). Rockware Group - London Life has reduced its holding to 7.81m or 5.69 per cent. Spring Ram - Interest of Pru-dential Corporation and managed funds is 5.9m shares (6.56 per cent). Wilson Connolly - Baillie Gif-

ford owns 14,18m shares (8 per tor of Hornby and a director cent of equity). . .

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For a copy of the 1988 Annual Report please write to :-The Secretary, 14 Lovat Lane, London EC3R 8DT

U.S. \$250.000.000

National Australia W.Bank

(Incorporated with limited liability in the State of Victoria, Australia) Undated Subordinated Floating Rate Notes

Notice is hereby given that for the six months interest Period from October 11, 1988 to April 11, 1989 the Notes will carry an interest Rate of 8.8375% per annum. The interest payable on the relevant Interest payment date, April 11, 1989 will be U.S. \$11,169.62 and U.S. \$446.78 respectively for Notes in denominations of U.S. \$250,000 and U.S. \$10,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

October 11, 1988



OCHABE

The Financial Times proposes to publish this survey on

18th November 1988

For a full editorial synopsis and advertisement details please contact: Jacqueline Keegan on 01-248-8000 ext 3740

or write to her at:

Bracken House 10 Cannon Street, London EC4P 4BY FINANCIAL TIMES

Dauphin advances first half DAUPHIN, office seating and The directors said the results reflected continued growth in markets that, remained buoy-

specialist, engineering group which came to the market in June, lifted pre-tax profils from \$1.47m to \$1.9m in the first half of 1988.

Turnover moved up from 58.03m to 58.21m. With eern-ings at 6.07p (4.73p), the interim dividend is raised to 12p.(15p) 1.3p (1.15p).

ant. They were evaluating a number of acquisition opportu-nities while still pursning con-tinued organic growth.

New seating products were being introduced next month. The recently opened London

Showroom in the Islington's support to planned expansion in that market. Costs incurred in relocating and expanding manufacturing facilities at Unit Press were written off in the six months.

Benefits were being gained

from the improvements.

_____ ALLIED LONDON Properties ital the holdings of B&C and has acquired Rienbury, a Kent housebuilder, for 56.25m cash and the issue of 806,451 ordiits wholly-owned subsidiary. Comin, which total 66.55m ordinary, now represent 55.88 per cent of that class. BTR NYLEX is making an offer hary shares. ARMITAGE BROTHERS has

bought Algarde Enterprises, manufacturer of acquatic accessories, for £520,000 cash. In 1987 Algarde made £59,402 pre-tax : ATLANATIC SECURITIES reported a loss of \$432,263 (\$10,253 profit) before tax for the six months to June 30. Gross income £470,106 (£17,409). Interest payable on the loan stock was £841,696 (nil). Professional and legal fees £45,604 (nil). Loss per share 2.1p (carnings 1.1p). BAILLIE GIFFORD Japan

Trust: Asset value per 25p ordi-nary share stood at 588.19p

(610.74p) at August 31 1988. Diluted, the figure amounted

to 551.41p (570.78p). Net loss for

Medminster ma

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the year to end-August totalled £300,779 (£10,181) after tax of £45,944 (£50,312). Loss per share Annual meeting told that the directors were enthusiastic and 2.960 (0.10). BRITISH & COMMON-WEALTH Holdings: As a result of the recent increase in Woodconfident about the future. The company continued to search for acquisitions. chester Investments share cap. NORDEC INVESTMENT Trust: sion through a minority stake

unconditional.

COMPANY NEWS IN BRIEF At company's annual meeting shareholders did not pass the resolution releasing the direc-tors from their obligation to convene an EGM by December I 1968 to consider the passing of a resolution to wind up the worth about NZ\$935.2m (\$338m) for Feitrax Internacompany voluntarily. Accord-ingly, the shareholders will be advised of the date of the EGM tional. The offer, in cash or a combination of cash and in due course. NORTH BRITISH Canadian shares, is worth NZ\$3.2 per Fel-trax ordinary share. Annual sales of Feltrax are estimated Investment Company reported net asset value of 453.3p at at A\$1.2bn (£555m). MEZZANINE CAPITAL Corpo-August 31, against 566.5p a ration: Net investment income year earlier. Earnings per share for the six months to the for year to May S1 1988 was \$2.79m (\$6.05m) or \$0.53 (\$0.75) per share or \$28.19 (\$61.08) per end of August were 4.86p (4.64p) and the interim divi-dend has been raised to 2.7p

nuit. Net asset value per share at year end \$11.4 (\$11.21). MISS WORLD Group has received acceptances in respect of 490.288 Red Rose Radio ordi-(2.5p). PENTOS offer for A R Mowbray has been accepted in respect of 85,205 (93.9 per cent) nary (94.74 per cent) and 11.13m "A" shares (93.69 per cent). The offers are now of the ordinary shares and 19,535 (97.4 per cent) of employee ordinary shares. The offer has become uncondi-MOSAIC INVESTMENTS: tional. Acceptances have also been received for 78.3 per cent of the A preference and 75 per cent of the B preference shares. TURNBULL SCOTT Holdings has added to its security divi-

(5.387 per cent). Camford Engineering - Mar-kheath Securities reduced acquired the remaining 15 per cent of Newport International Management for a total of 111,000 ordinary shares and holding to 1.69m shares (8.9 per \$184,566 in cash. cent). Capital and Regional Proper-ties - Scottish Amicable Invest-VITA PACIFIC, 41 per cent associate company of British Vita, reported sales of A\$46.6m ment Managers increased hold-Vira, reported sales of A\$45.5m in the year to June 30, against A\$43.08m. Net profit before tax and share of associates was A\$5m (A\$4m). Earnings 16 cents against 13.3 cents. Vita Pacific is quoted on the Anstra-Han circle or thousand cant). cent). Han stock exchange WARD WHITE has merged the retailing activities of AG Stan-ley - which comprises FADS, Decor 8 and Homecharm -

into one retail division. WATERGLADE INTERNA TIONAL has acquired a long leasehold office investment in London EC4 for £5m from the **Carreras** Pension Fund. Waterglade already owns the adjoin-ing property. The total site area of 12,500 sq ft is to be redeveloped into an 88,000 sq ft

office development scheme.

and the second second

ing to 825,000 shares (6.97 per CI Group - Carousel Investments acquired 4.33m ordinary and holds 14.39m (19.74 per Futura Holdings - Selective Investments sold entire hold-ing of 97,850 ordinary (12.94 per cent). International and Irish (UK) acquired same,

Hambros Investment Trust -Sun Life Assurance raised holding to 7.034 per cent. Hartons Group - Norwich Union Insurance Group benefi-cially owns 3.78m ordinary (5.3 Hornby - Guidehouse Group sold 52,000 ordinary at 213p each. Mr D. Michaels is a direc-

Several research and the second second second

SOLVAY innovation, a tradition for 125 years



SOLVAY: a world industrial leader

· one of the world's largest chemical companies · annual sales of more than \$6 billion · 300 facilities in 32 countries around the world

SOLVAY: 45,000 skilled, competent employees

SOLVAY: a desire for progress

SOLVAY, THE CHEMISTRY OF TOMORROW

 3,300 employees involved in research throughout the world

SOLVAY: a philosophy

To be among the best in the world in a limited number of fields selected on the basis of technical knowledge, production capability, and marketing expertise.

SOLVAY: 5 sectors of business activity

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FINANCIAL TIMES TUESDAY OCTOBER 11 1988

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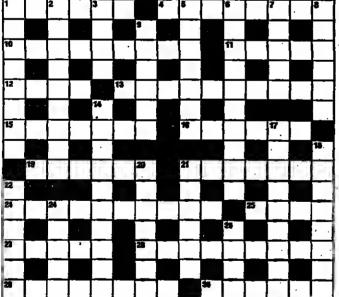
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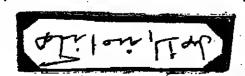


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- 1 One's thrown having to debate endlessly (5) 4 Meticulous account by man of the cloth (8)

- 4 Meticulous account by man of the cloth (8)
 10 Run down, e.g. tired an' beaten (9)
 11 Within part of West Ham, Ongar and Epping (5)
 12 Nobleman almost skipping New York (4)
 13 Writing quite 2 range based on the Bible (10)
 15 Tabitha moves round the environment (7)
 16 It's observed at court (6)
 19 Once a temporary dwelling area (6)
 21 So tired? Could be enlivened by this (7)
 23 Destroyed open vessel, bunk losing top (10)
 24 Ersthy mineral that can be burnt (5)
 26 Elemental scientist (7)
 6 Undated letters surprisingly include a number not dealt with (10)
 7 B's quite an affair with row 150 missing (5)
 8 Bury last bit of waste flung out (6)
 9 It brings good hick to many at the races (6)
 17 Detachment that has been called spleedid (3)
 18 Notice joint account ini-tially with money attached (8)
 20 Scare if in one man's envi-ronment (7)
 21 Make mistake in cast? Must be the drink (6)
 22 Se 1 down
 24 Brender is hreaking un below

- burnt (5) 28 I've Rugby Union trip being arranged causing invasion
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GUIDE TO UNIT TRUST PRICING

The data included under the Anthonised sections of the FT Unit. Trust info being expanded to improve the service to renders and to conform with a INITIAL (SARGES). These represent the marinting, administrative and other costs which have mariners. These characters are included in the other when the marinting The price at which units may be bought.

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CANCERLATEME PERCE The maximum spread between the offer and bid prices is detarmined by a formala latif down by the government. In practice, will trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price is the table. However the bid price majorities moved to the cancellation price to circumstances to which there is a large excess of selfers of units over buyers. Trust

The line shown alongside the fund manager's name is the time at which the unit crusts' daily deciling prices are normality set unless another time is indicated by the symbol alongside the individual unit crust same. The symbols are as follows: $\phi - 0001$ to 1200 hours: $\phi - 1201$ to 1400 hours: $\phi - 1201$ to 1700 hours: $\phi - 1201$ hours: ϕ

The letter of denotes that prices are set to: a forward basis so that investors can be given no definite price in advance of the process or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday. Other excitentiation roots are costaled in the last column of the FT Unit Trist information

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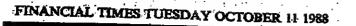
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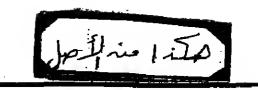
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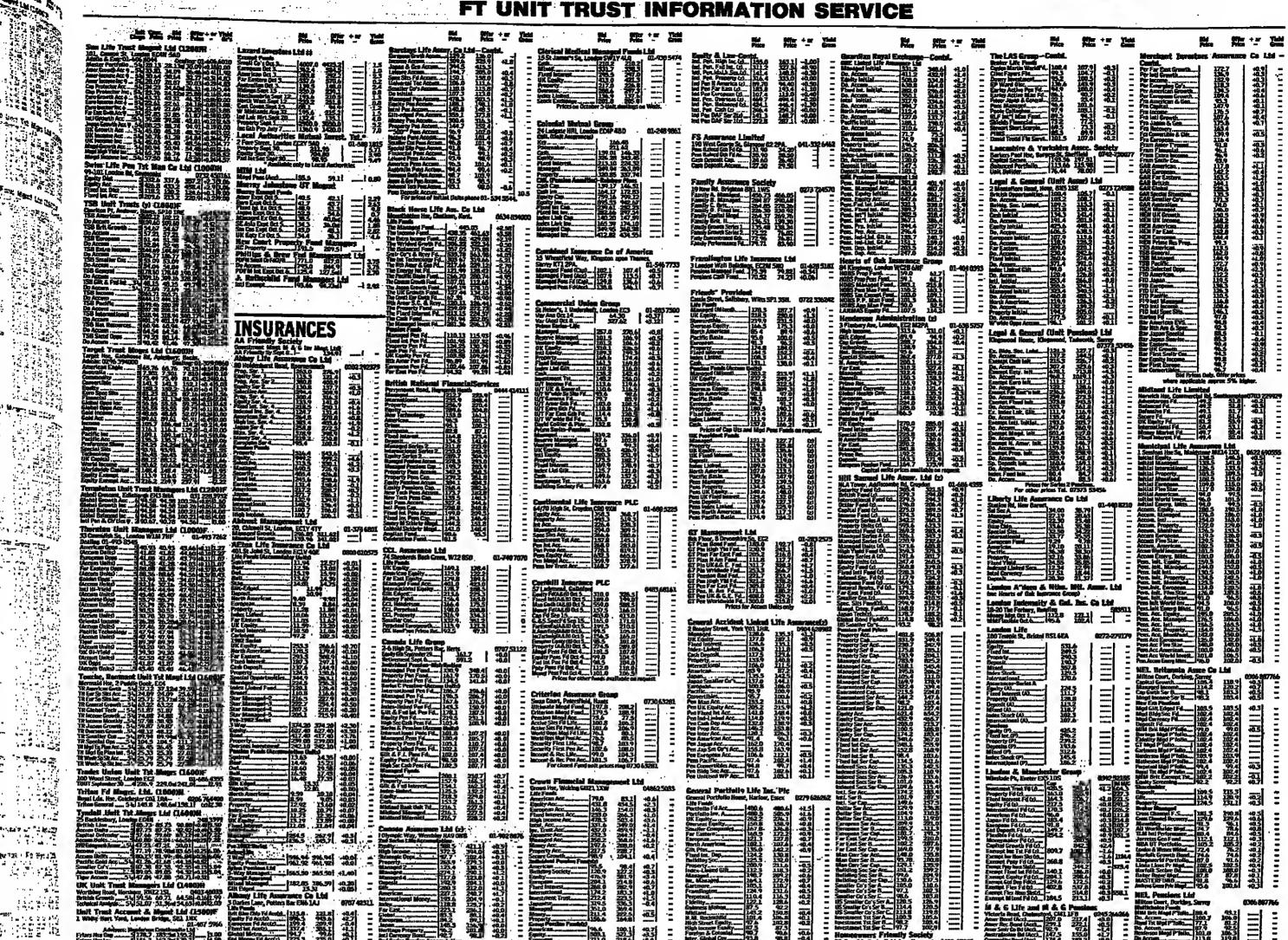
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FINANCIAL TIMES TUESDAY OCTOBER 11 1988

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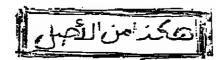
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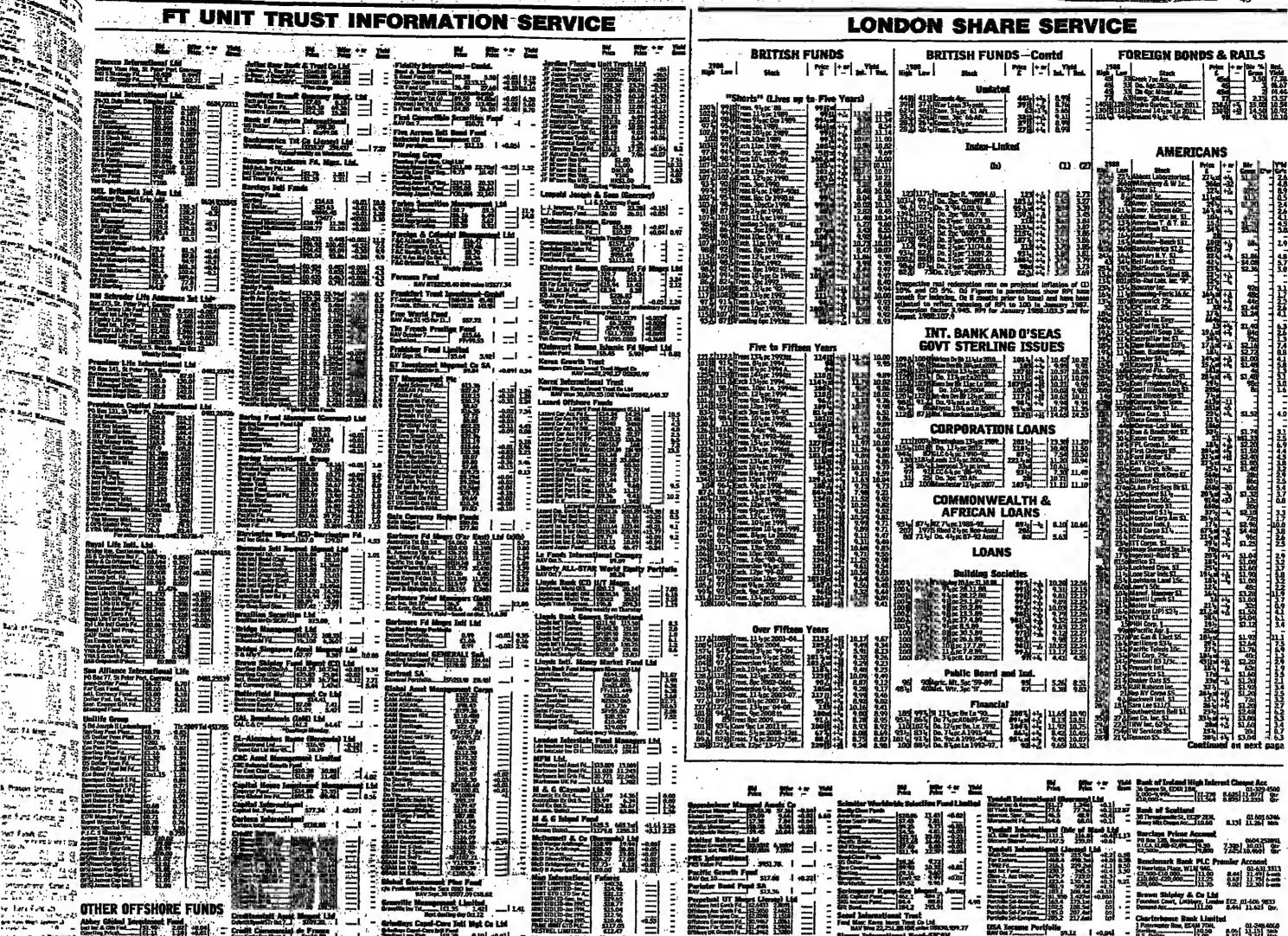
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FOREIGN EXCHANGES

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Pound firm as dollar falls

STERLING WAS the strongest of the major currencies on the foreign exchanges yesterday.

Mr Nigel Lawson, Chancellor of the Exchequer, has the opportunity to influence that

market this month, with sev-eral interviews and speeches. Speaking on television at the weekend the Chancellor warned interest rates will remain high for as long as necessary to get on top of infla-tion. He added that rates could be pushed higher if the pound

suffers downward pressure. Mr Lawson can elaborate on his view of the economy when addressing the Conservative Party conference in Brighton on Thursday, and in his speech to the Lord Mayor's banquet at the Mansion House on Thursday week.

The Chancellor's comments at the weekend followed a recent signal from the Bank of England, in its money market intervention, that interest rates will not be allowed to fall

in the near future. Mr Lawson's confirmation of this policy sent the pound up, as the market now appears to have a one way bet on sterling. The official view indicates that the pound will remain firm with base rates at the present level of 12 p.c., or it will be firm with even higher rates. Sterling gained 1.40 cents to \$1.7125. The pound also rose to

Close

6960-1.6990 0.57-0.56pm 1.37-1.35pm 4.22-4.12pm

European Currency Unit

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£ IN NEW YORK

STERLING INDEX

CURRENCY RATES

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DM3.1775 from DM3.1625; to Y226.50 from Y226.25; to SFr2.6975 from SFr2.6825; and to FFr10.8275 from FFr10.7675. The pound's exchange rate index, on Bank of England figures, rose to 76.3 from 75.9. Apart from demand for sterling, the foreign exchanges were quiet, with Tokyo closed for a public holiday, and US partially closed for Columbus

Day. The dollar had a soft tone, following Friday's announce-ment of weaker than expected US employment data for Sep-

tember and August. The US currency hovered around a technical support level of DM1.8550, and closed at that level in London, compared with DM1.8615 on Friday. The dollar also fell to Y132.20 from Y133.25; to SFr1.5755 from SFr1.5795; and to FFr6.8225 from FFr6.3400.

On Bank of England figures the dollar's index fell to 98.3 from 98.7. day's securities repurcha

bank did not intervene when the dollar was fixed at DM1.8557, compared with DM1.8676 on Friday. The fixing was near the bottom of the morning's range. Trading was dull in Frank-furt, with the strong pound and Japanese yen attracting most attention.

In Paris trading was also quiet, with the D-Mark fixed at FFr3.4079, little changed from Friday's level of DM3.4078. LIFFE LINE Fears of growing social unrest in France had no impact on the

foreign exchanges. Public sector strikes have not depressed the franc yet, and there has not been any sign of intervention by the Bank of France, bnt dealers Estimated volume total, Calis 4226 Pets 4647 Prestoas day's open lot. Calis 27360 Pets 31,472 believe the central bank will sell D-Marks at some time this

There was no reaction to news that the Bank of France LIFFE £/5 0773845 £25,600 (coals per £1) left its money market interven tion rate unchanged at yester-

In Frankfurt the Bundes-

EMS E	UROPE	AN CUR	RENCY	JNIT RAT	TES	180	· -	_
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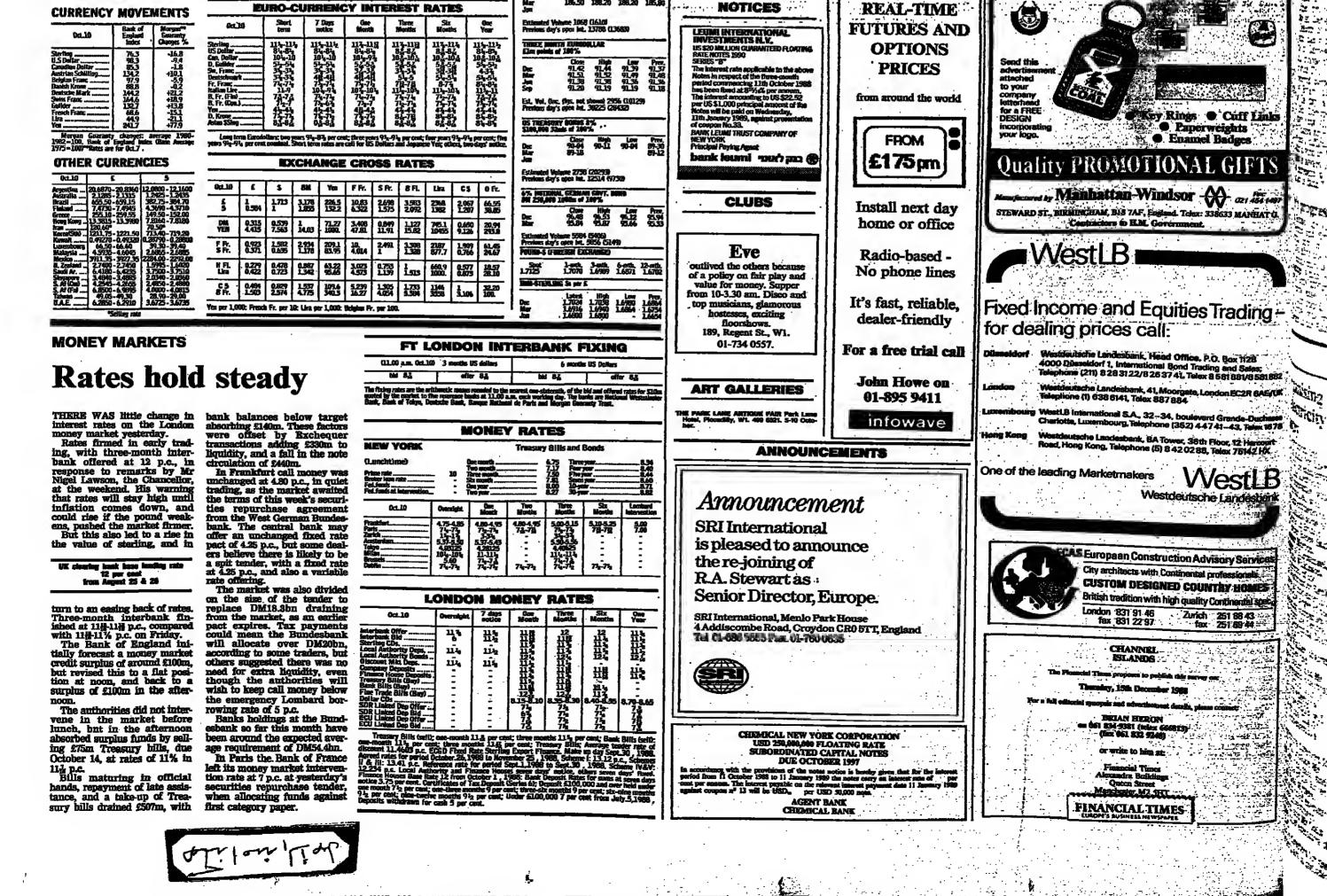
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LONDON STOCK EXCHANGE

Slow session as London lacks a lead

THE UK stock market, lacking badership from either Tokyo or New York, abandoned an initial attempt to move higher vesterday and settled down to close with little change of direction from Friday's closing levels. The opening of the sec-ond week of the London equity trading account was addition-ally subdued by warnings from Mr Nigel Lawson, the UK Chancellor of the Exchequer, that domestic interest rates would stay at their present high levels until inflation falls.

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There was little response to the news that UK output prices rose by 0.4 per cent last month. or to the firmness in sterling prompted by Mr Lawson's comments

Option Decim Nov 10 - Oct 27 Lest Deutlogie Oct 14- Oct 26 - Nov 11 Cost 24 Nov 7 Nov 21 "New time deallage may take place from \$.90 mit two business days duriller On the domestic front, the

980

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Tirst Dealings:

UK markets are waiting for the announcement on Friday of the latest UK Retail Price Index, as well as for any news on the economy from speeches by Government Ministers at this week's Conservative Party

600

500

400

better value."

LASMO and Enterprise were

cial de France to five per-cent

plus, was said to have trig-sered a fresh wave of buying

interest in the banking sector,

although best levels were not

always held.

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COLUMN THE R

Conference. Also restraining

investment activity are the

FT-A All-Share Index

Account Dealing Dates

08 17

Oct 31

prospects for the US Angust trade figures, to be announced on Thursday. The market opened firmly where despite lacking overnight busi-

ss from Tokyo where markets were closed yesterday for a national holiday. Wall Street's powerful gain on Friday helped sentiment but the UK institutions preferred to wait until the US markets make a full return from the Columbus Day break. International stocks were

largely neglected and it was left to a reduced crop of speculative issues to provide the fea-tures. Confirmation of a £331m bid from Williams Holdings for Pilgrim House, the electronics

to fire protection group, sent reverberations through the market because Williams has major testing point for the UK market when the price will be set for the flotation of Racal been a predicted bidder else-Telecommunications, as Racal floats off its Vodafone interests.

Shares in London & Scottish Marine (LASMO) came under a cloud as the market tried to weigh the chances for the auction of LASMO's 25 per cent stake in Enterprise Oil. LASMO shares slid closer to the 505p price at which RTZ sold its stake last week. Con-solidated Gold Fields dipped % to £12% as Minorco said it would, if its bid succeeds, sell Gold Fields' stake in Newmont Mining.

Tomorrow brings another June 22 this year.

The FT-SE Index, having edged up by seven points by mid-session, then went into a luggish reverse as Wall Street flirted with its post-October Crash high point in early trading. At the close, the Index was

a net 0.6 down at 1844.1. The UK market held briefly at 1914 in the immediate aftermath of Black Monday, October 19, 1987, but established a more convincing post-Crash high of 1879.3 at the close of trading on

Engineering stocks turned in

Fixed interest 97.01 98.87 96.70 98.69 92.24 98.57 94.14 105.4 95.70 Ordinary 1490.5 1490.4 1481.5 1471.7 1457.8 1835.2 1514.7 196.80 122.97 94.14 105.4 96.70 98.69 92.24 98.57 94.14 105.4 96.71 (28/1) (18/2)		TO 7			•	NGO.	rugn		nga	
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Earning Yid %(full) 11.70 11.71 11.77 11.95 11.96 8.02 Indices Oct 7 P/E Ratio[Net](*) 10.35 10.35 10.39 10.22 10.13 15.24 Indices Oct 7 SEAQ Bargains(5pm) 24.941 23.969 24.721 23.295 21.065 38.4699 Glit Edged Bargains MX3.5 Equity Hergains(7) 1534.29 1101.68 1367.24 977.07 1257.34 Equity Bargains 157.5 Equity Bargains(7) 24.328 25.165 22.619 22.237 53.280 Equity Bargains 157.5 Equity Cardied (mit) - 24.328 25.165 22.619 22.237 53.280 Equity Bargains 157.5	Gold Mines	177.3 175.9	174.2	173.0	172.8	452.3				43.5 /10/71)
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	SEAQ Bargains(5pm) Equity Turnover(Em)†	24,941 23,964 - 1534.2	24,721 9 1101.68 1 25,165	1367.24	977.07	1267.34	Equity Bargains Equity Value		157.6	104.7 183.1 2226.5
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29,029, against Friday's 30,387,

with late trading in Lonrho

options relieving a day that was otherwise saved from hleakness by modest dealing in

the index, in BP and one or

two other stocks. Total busi-ness included 21,149 calls and

7,880 puts. Index trading con-sisted of 3,105, comprising 1,864 calls and 1,241 puts on a

matched bargain basis, Lourho turnover of 2,492 contracts included 1,205 December 330

calls, with the call total com-

ing to 2,070 and the put to 422.

Business in BP covered 889 calls and 645 puts.

Tate & Luke

Clastics Day's Mice Classes

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FINANCIAL TIMES STOCK INDICES

Lonrho traders sensitive

A new twist in the Lourho serial found marketmakers sensitive and the shares dropped on sustained intra-market trade, before rallying later. The latest story to do the rounds was of an imminent suspension of the group's list-ing. Stock was hurriedly ing. Stock was hurriedly passed from one house to another as traders tried not to be caught long and the uncer-tainty persisted through to mid-afternoon.

Composure only returned when a regional broker with no previous record of involve-ment in the month-long affair 1000 surprisingly became a deter-1.2.2 mined buyer. Speculation of a . trading halt then faded and the shares rebounded swiftly fromthe day's low of 318p to close Citerais, 4% down on balance at 825p. Volume finally totalled 7.1m shares.

1 Antas Little customer/retail busi-ness was reported, although some further profit-taking was 1.2 encouraged by the lack of con--121:02 firmation that Bond Corpora-tion was the holder of a 2 per cent share stake. Yala

E.C. Merger opposed

Carless Capel continued to attract heavy buying interest. A term abe 1----particularly from one leading UK securities house, and raced up to close 9 higher at 106p; eres . 1.11.11 turnover was 3.8m shares. Stories suggested that the 2 Z.C.

proposed merger with Ryan COOL fail and that a productor

Dealers reported persistent have the divestment period

Anterior 300 900 Aug Sep Oct 200 880 Hoffman Pollard group and cat and Aitken. The Kitcat Burgess Products. The terms of team describe the MMC decithe Williams hid are 25 consion as "so harsh and unrea-sonable that it is unlikely to be vertible prefence shares, for svary 10 Pilgrim. There is a purt cash alternative. The bid for Pilgrim House implementable".

The brokers go on to say BP shares, short term, will proha-bly trade in a volatile range comes in the wake of last week's news that the proposed between 200p, yielding 8.5 per cent, and 260p, where funda-mental benchmarks would look acquisition by Pilgrim of Han-son's US unif Kläde, has run into opposition from the US's seriously overstretched and where a major KIO placing would start looking too close. Longer term, Shell represents anti-trust laws. But Williams says it plans to

proceed with the proposed pur-chase of Kidde. Williams already has a 4.8 per cent stake in Pilgrim House and has been in talks with the latter for a number of weeks. Mr. Angus Blair at Kitcat &

Aithen said the deal "should prove useful in regaining investors' confidence in Williams" and would "spread the company's earnings base, moving more into Europe and the

Oil shares slipped away despite a much firmer perfor-mance by crude prices which were up almost 50 cents a barrel. after the Saudi Arabians officially denied they were about to pull out of OPEC.

There were further worries International group, where in the market about the Secre-shareholders are scheduled to tary of State's instruction to vote on the deal on Friday, the Knwaitis to reduce their tary of State's instruction to the Knwaitis to reduce their 21.7 per cent state in HP to 3.9 could be in the process of per cent stake in MP to 9.9 building a stake in Carless. months". The KION official Yesterday London Merchant, response to the DTI instruction Securities, which has a new 27 when of "extreme regret and per cent stake in Carless, con- astenialment" - gave rise to firmed it would oppose the pro- expectations in the market posed link up with Ryan. that the KIO would seek to

Hoare Govett, and hardened to 108%p with turnover expand-ing to 7.2m shares. Equity Shares Traded Tumover by volume (million) Brewery stocks reflected the lack of turnover in the wider -----Aug Sep Oct

market, with dealers reporting low volumes. There was a brie flurry of activity in Allied Lyons early on which sent the price 11 higher to 474p before it drifted off to close at 471p in turnover of 2.5m shares. As one dealer commented, "Turnover like that is hardly the stuff that bids are made of." Grand Metropolitan fell 5 to

446p and was the subject of considerable confusion in early dealing as traders tried to set a price following the dividend. The nil-paid convertible unit started trading and quickly ran to a premium. Turnover in the fully-paid was 4m shares. A buoyant building sector

was highlighted by persistent and often heavy buying inter-est in George Wimpey, the con-struction and house-building group. The shares raced up 11% to 269%p on turnover much increased at 5.1m with traders reporting strong buy-ing by one UK securities house, and much talk of stakebuilding as a prelude to a full bid for the group.

sold off early on, but rallied late in the day, with the latter finally 5% down at 525%p and Lasmo 9% off at 614p. Turn-There was also big buying of Tarmac, up 4% to 243%p. Cos-tain, talked of as a target for Tratalgar House, edged up to 335p and Taylor Woodrow, overs were 4.4m and 1.4m respectively. The rally reflected news that the Tenneco sale of assets had raised where P & O has recently been some \$7.3bn, well above estiadding to its stake in the group, rose 5 to 613p. Redland, amid talk that the mates. . Comments yesterday on the

BTZ placing of its 28 per cent stake in LASMO came from County NatWest, where the oil team, recommending LASMO company is not moving into the highly competitive plasterboard market, moved up 11 to as a "buy" said "the RTZ plac-4400.

ing has removed the major short-term impediment to a takeover". BZW said, "the plac-Among stores, Underwoods fell 5 to 83p after adverse weekend press comment, while Sears fell 3 to 134p in turnover ing underpins the LASMO share price at 505p." News that Japan's Taiyo Mutual Life Insurance has: of just 4.8m shares, despite a brief resurgence of rumours that Hanson will bid late this boosted its stake in French banking group Credit Commer-

week. There were plenty of stories and rumours in the electron-icssector, apart from Pilgrim House. Once again Ferranti stole the honours as far as turnover was concerned with some 10m shares changing

low turnovers and share prices The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm. which moved narrowly around pre-weekend levels. With markeimakers still short, some prices were squeezed higher as stock was bought to meet last week's sell deals which must be fulfilled before the trading Account closes this Friday. IMI moved up smartly to close 5 higher at 205p as the bear squeeze caught traders out and turnover of more than 1m shares was among the top spots of a moribund sector. Some genuine interest was seen in T & N, however, and the shares closed 3 better at

Food issues were generally stale, with light interest in the retailers the only real feature. Tesco rose 2 more to 143p, but Gateway fell 4 to 166p after adverse press comment at the weekend. Dalgety added 4 to

man Fielder Wattie. Briden broke higher as speculation resurfaced of an ulation resultaced of an impending approach from one of several predators and the close was 14 up at 175p. Specu-lative boying also developed in A Proudfoot, 10 higher at 278p, while doubled interim profits boosted JSA International 8 to 195p. Telefors improved 6 to 105p.

down 14, and J Wilkes lost 7 to

pany's banking facilities and open offer to shareholders.

market and determined buyers sent the shares racing ahead to close at 385p, a gain of 19p. 6 higher to 34p.



weekend press comment, although dealers said there was little stock around to meet demand. Yorkshire rose 19 to 238p, Ulster improved 5 to 91p, Tyne Tees ended 24 better at 331p and Thames rose 7 to

Dowty went to a peak for the year of 227p, up 5, leaving other Motor shares in its wake. Marketmakers said the group is commanding a higher rating since the acquisition of CASE, bought earlier this year for a good price. Weekend comment nudged Jaguar up 5 to 268p.

Emap continued its good run of last week, adding 7% to 216p in reasonable demand. Wace rose 5 to 293p, with investors chasing the nil-paid stock issued last week and sending it

Among agencies, Carlton Communications went exrights and fell 35 to 595p, effec-tively unchanged on the day. Property shares were marked by extremely low turnover as investors mulled over weekend remarks about interest rates by the Chancellor. One dealer commented, "This is a professional's market at the moment."

Owing to the recent strength of the shares, Irish-based Inistech Capital Fund yesterday requested a temporary suspension of its listing. An approach has been received which may lead to a proposal involving a major change in its activities and an increase in share capi-tal. On Friday, the shares closed at 1800. Dealings in traded options showed a fall to levels below

Other market statistics. including FT-Actuaries Share Index and London Traded Options, Page 33 the recent average, totalling

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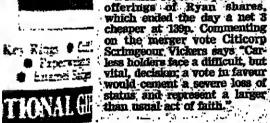
 At Consp.
 Consp.
 Same
 Same 193p on turnover of 1m. Television issues continued last week's strength following

\$28p on scrappy rumours about the Australian predator Good-

135p. Triefus jumped 6 to 106p, but Sketchley surrendered part of Friday's sharp rise at 407p,

Platon International returned from suspension and ended 15 lower at 66p following the reorganisation of the com-

Capital Radio was a strong





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tection group, saw its shares leap 54 to 254p after the agreed bid from conglomerate Wil-

lians Holdings which values the former at some 2330m plus. Williams shares cased 5% to 276%p with 1.5m traded. Pilgrim House was created by the merger of the Ransome

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Reorganising ------the electricity 1. 1. 19. - 1984 - **1985**

industry

Mr Cecil Parkinson, the Secretary of State for Energy, has filled out the management of the grid and electricity generating companies, which are to be privatised, with designate appointments to the board that include some of the leading figures in Briffish industry, writes Steven Butler. Mr Alastair Morton, co-chairman of Eurotunnel and Sir Philip Wilkinson, leputy chairman of the National Westminster Bank, are to serve as non-executive directors of the larger of the two generating companies to be formed from the Central

VI THE THAT known as "Big G." of the Securities and of the BOC Group, both of whom are non-executive directors of the CEGB, willalso serve on the "Big G". board in a non-executive capacity.

"Little G" will include Mr Graham Day, chairman and chief executive of the Rover Group, Mr Paul Myners, chairman and chief executive. of Gartmore Investment Management, and Mr Colin Southgate, chief executive of Thorn EMI.

Lloyds underperformed with dealers pointing to a switch extended There was little in the way. of heavy selling of BP shares into Barclays; the latter edged despite the bearish scenario up to 426p. TSB were again heavily supported, this time by detailed by the oil team at Kit-

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NEW HIGHS AND LOWS FOR 1988

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hands, following the 12n which traded on Friday. Bid up to 97p early on, the shares subsequently eased off to close a net penny down at 35%p. A single trade of 4m at 96%p was reported in the moning, quickly followed by 1m at 96p. " Sellers won the day, there was a lot of stock sold into the market," was the comment from one leading trader. Quizzed as to the extremely high levels of activ-ity in the shares, analysts took the view that the fundamental for the stock were generally bullish after the recent major defence orders.

Recal, turnover Sm shares, edged up 2% to 315%p ahead of Wednesday's expected pricing of Racal Telecommunications runoured to be 175p a share.

.. 2 Exploration Mining Prossell9-Francelinsuence Technical Support.

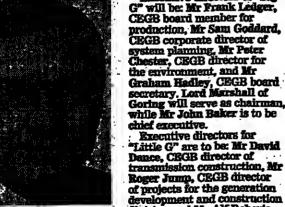
APPOINTMENTS

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Electricity Generating Board, Mr David Walker, chairman Investment Board, and Mr. Richard Giordano, chairman

Non-executive directors for

Executive directors for the -grid-company are to include:



division and Mr Alf Rob CEGB director of engineering Mr John Ogren (above), services and resources for the cnarman and managing direc-tor of CONOCO (UK), is to operational engineering division. Mr Robert Malpas leave London to become senior vice president, administration, at the parent company's head-quarters in Houston; Texas, on

has been designated chairman of "Little G," while Mr Ed Wallis is to be chief executive. cember 1. His successor will The companies are expected be Mr Robert McKee, general to acquire legal status in manager of the production January 1990, until which time engineering and research department in Houston. the board designates will serve in an advisory capacity to the

government.

chief executive. --

Mr John Banks, CEGB Mr Plerre Vinken, chairman divisional director of of Elsevier, has been appointed transmission, Mr Eric a director of PEARSON, which Chefneux, CEGB area systems owns the Financial Times, Last operation manager, Mr Arthur Fowkes, CEGB director, month, Pearson and Elsevier announced a share swap, system operation, and Mr John Uttley, CEGB corporate giving Pearson 15.4 per cent of Elsevier, with Elsevier director of finance. The taking 8.7 per cent of Pearson. Government had previously said that Mr David Jeffries Mr Stephen Perks has been would serve as chairman, appointed deputy chairman of HAMPTONS. while Mr Bill Kerss becomes,

Executive directors of "Big G" will be: Mr Frank Ledger, ELECTROCOMPONENTS has appointed Mr Robert E. McKeon and Mr John N. Wright to the board from November 1. Mr McKeon is president of

Electrocomponents Inc. Mr Wright, managing director of the Electro Lighting Group, will assume responsibility for all group companies in the distribution to retail sector.

Mr Harry Englander has been appointed group finance director of ZAL HOLDINGS.

Mr Ian Collier has been appointed marketing director of HINARI CONSUMER ELECTRONICS. He was marketing and product development manager.

arts.

UNITED SCIENTIFIC HOLDINGS has appointed Mr Nigel Young its financial director. He was group finance manager.

Mr David Hearn is to become managing director, grocery, of the NABISCO GROUP on December 5. He is currently managing director of Smiths Crisps. His successor will be Mr Peter Waller, vice president, international business development, international Nahisco brands, based in London.

Mr John Possey has been appointed group finance director of RFS INDUSTRIES. He was formerly a director of TI Chesterfield.

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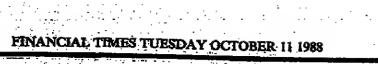
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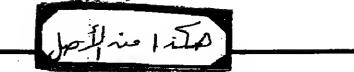
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LONDON SHARE SERVICE

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COMMODITIES AND AGRICULTURE

Oil prices

rebound

sharply

By Steven Butler

next week.

resolved.

OIL PRICES rebounded

sharply yesterday as traders reacted to positive statements

regarding production output

from the major oil producers, who are preparing for a meeting of the strategy com-

A statement from the Saudi cabinet, chaired by King Fahd, said the Kingdom would cut oil

production immediately if

meeting. North Sea Brent crude

cargoes for November delivery finished the day at \$12.315 a

barrel, up 84 cents. Prices also rose on the New York Mercan-

tile Exchange where November futures for West Texas Inter-

mediate crude were up 60 cents

at \$13.54 in midday trading. Iraq also said it would re-

enter the Opec quota system provided a number of unspecif-ied problems in the cartel were

Copper surge continues as stocks fall further

By David Blackwell

COPPER PRICES continued to rise yesterday as stock figures carried on falling. Shearson Lehman Hintton, the London broker, predicted a "strong and volatile" copper market for the next few months as "invent-ories are so dangerously low." On the London Metal Exchange cash Grade A copper closed up £25 a tonne at £1,607 a tonne, a record in sterling terms and equivalent to 124 cents a lb. The rise followed news that stocks in LME ware-honses fell last week by 8,275 COPPER PRICES continued to

houses fell last week by 8,275 tonnes to 92,450 tonnes – the lowest level since the beginning of July.

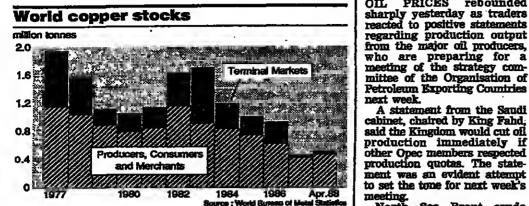
Prices on New York's Comex continued to move ahead. Stocks there fell by 344 short tons (2,000 lb) to 13,424 tons

last Friday. Shearson Lehman, in its Annual Review of the World Copper Industry 1988, pub-lished yesterday, said any further supply disruptions at the moment could put copper prices back in an upward spiral to rival that of last December.

However, it expects copper while consumption "will not be able to maintain its recent resilience." The two trends

Change during week tonnes		
Aluminium standard Aluminium high grade	+5,675	to 106,225
		to 91,325

Silver (oz). +	40,000 1	a 15,096,000
Nickel Zinc Tin	-6,	4 to 1,782 450 to 21,100 10 to 10,365
Copper Grade /		050 to 91,325 5 to 64,775



durables in the advanced economies, which still account should ensure that supply overhauls demand during the

for 80 per cent of world copper The review forecasts a But this decline will be offset decline in non-Communist world stocks of 170,000 tonnes by buoyant demand in newly industrialising countries such this year, and a surplus of as South Korea. 275,00 tonnes and 515,000 tonnes in 1988 and 1988 respec-

On the production side, the tively. Mine production for this US, Mexico and Australia have year is put at 6.7m tonnes, growing to 7.2m tonnes next been star performers this year while Zaire, Zambia and Peru could between them mine Next year's forecast surplus of 275,000 tonnes will still be too low to provide anything but a "feeble buffer" against 125,000 tonnes less copper than in 1987. Next year the star performers will continue to shine, predicts the review, while Chile will return to the unforeseen events, according to the review. It assumes that consumption will fall by 1.5 perfore and Papua New Guinea's Ok Tedi can be expected to cent, but warns that it would make a major contribution.

only 2 per cent to wipe out the demand, Shearson expects pressure to mount on prices. It As the growth in the world economy slows next year, con-sumption will slacken for housebuilding, automobile manufacture and consumer puts this year's LMC cash price average at 111 cents a lb, fall-ing to 100 cents next year and an average 80 cents in 1990.

Ministries called in on aluminium row

Yesterday Mr Suhud for the

first time publicly defended indonesia's decision in August

to suspend aluminium ship-

ments to Japan from its north

Sumatran smelter - a move which MITI officials described

as "a breach of normal trade

Indonesia was seeking an improved share of the offtake

to satisfy domestic demand

and take advantage of the

Mr Suhnd explained that

year and 7.4m tonnes in 1989.

take growth in consumption of

surplu

By John Murray Brown in Jakarta

INDONESIA YESTERDAY appeared to be looking for a way ont of the increasingly bitter trade dispute with Japan over the Asahan aluminium joint venture, now in its fourth month.

Mr Rauf Suhud, chairman of the Asahan Development Anthority, the Indonesian body in charge of this ¥411bn (£1.8bn) project, announced yesterday that all negotiations from the indonesian side had been entrusted to Mr Johannes Sumarlin, the Finance

Indonesia last week instructed its legal advisers to look into the dispute. Meanconsortium of smelters and trading houses, corrently takes while according to reports from Tokyo, Japan's Ministry line with its equity stake in the of International Trade and

Traders also say Indonesia plans to build a casting house at Asahan to produce alloy alu-minium for the manufacture of household utensils - another reason to demand an increased share. Asaban currently produces only virgin alumin-

Mr Suhud yesterday insisted that all of Indonesia's demands were in line with the original master agreement of 1975.

record high prices for the Mr Suhnd's first public statement on the dispute was intended to counter what he called "the distorted picture". The Japanese partners, a conveyed from the Japanese 59 per cent of the 225,000 ... tonnes-a-year production, in --

However, traders in Jakarta detect a softening in Indones

3 month

Drought stunts US farm income

By Nick Garnett in Washington

NET INCOME of US farmers is expected to fall this year to about \$53bu from \$57bn last year as a result of the summer drought. However, the fall does not

fully reflect the harm caused by this year's severe dry weather in the main US maize and wheat belts. The selling off of large maize stocks held by farmers at relatively high prices earlier this year and the healthy performance of livestock and fruit farming helped to reduce the size of the

drop. Mr Peter Myers, Deputy Secretary of Agriculture, said yesterday that the maize yield was down 40 per cent overall on last y Vields in wheat in the

northern plains states of Montana, the Dakotas and parts of Minnesota were down as much as 80 per cent, Mr Myers said.

However, there had been an increase in yields of wheat from the so-called soft red areas of Oklahoma and Kansas. As a result the total wheat crop would be down only marginelly. Although net farm income

for the country's 2m farmers will be lower this year, their net cash will be the highest ever. Mr Myers said.

That was partly because of lower interest rates and lower costs for chemicals and fertilisers. Total farm debt was also much lower than in the early 1980s - down from \$200bn then to \$140bn now. The Federal Government

estimates that the US will have ten or 11 months' supply of feed grain and wheat after this year's harvest to meet domestic consumption and exports

Mr Myers said stocks would be a problem next year if there was a second consecutive drought, but the chances that happening were a million to one, he added.

The set aside for US grain farmers next year will be 10 per cent compared 275 per cent this year. The set aside has to be agreed by any individual farmer in order to qualify for. government loans. Mr Myers said the ES Government's long term con-

satisfy what it foresaw as an

servation programme of taking out crop land has so far removed 28m acres over the past three years. The target is 45m acres.

Farmers receive payments for taking out this land and committing it to forest of grassland and must keep the land out of agriculture for ten

Running the October grain race

Autumn sowing poses problems but yields make it well worthwhile

OR THE last few weeks the arable men on our farm have been starting work at 6 am and carrying on until well past dark. When the weather has been fine their 14hour days have continued through weekends.

The purpose has been to plant as much as possible of our antumn-sown cereals before too much of the kind of weather we are having this week makes it impossible to

Contrary to popular percep-tion October is the busiest month of the year on arable farms as all available tractors and men try to beat the onset of winter and ensure that key crops for harvesting next year get off to a good and timely start. In comparison the harvest month of August is almost a doddle. This frantic autumn rush is,

I am bound to say, a comparatively recent phenome-non. When I was a boy we were much more balanced in our habits, dividing the planting of cereals between autumn and spring in what now seems a relatively relaxed pattern.

Then the farm management analysis arrived on the scene and pointed out that, because of the longer period of growth before harvest, potential yields from antunn-sown cereals were higher than from those sown in spring.

Most farmers knew that already but the financial experts went on to show that in spite of the higher establishment and weed control costs of autumn sown crops they were likely to leave a larger gross

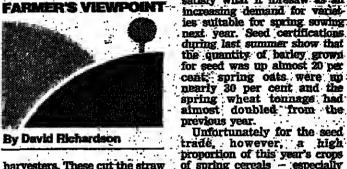
Attempting to clear the previous year's crops in August and September then FARMER'S VIEWPOINT cultivate and re-plant a high proportion of the land over the course of the next few weeks created a labour demand peak in October but left the same staff with little to do for the

rest of the year. One way that peak could be reduced was to burn the straw instead of baling and carting it off the land and lightly off the land and lightly cultivating the now bare topsoil with wide implements, instead of ploughing, which was much slower. This also had the effect of keeping the friable topsoil on the surface so that making a could had was easy. Musching

seed bed was easy. Ploughing, especially on heavy land, tended to turn up clay which if left would dry into lumps and be almost impossible to beat into a tilth.

The system spread across the country very quickly as farmers realised they could tolerate a few weeks of intense activity and long hours in the autumn and enjoy a relatively easy time for much of the rest of the year. What was more there appeared to be no yield penalty for this easy way of farming. Indeed crops were getting bigger.

Then two factors combined to upset the new order. The first was public hostility to widespread straw-burning; the second was a group of hitherto unnoticed grass weeds called bromes, the population of which exploded on land which had now been unploughed for several years. The grasses could not be controlled with known chemicals. The only



harvesters. These cut the straw into pieces a few inches long during the harvesting process. And whereas long straw is impossible to plough under because it clogs the machine, these short lengths can be

So it could be said that two of the problems facing creat growers have been at least partly solved by a combination of tradition and technology. The difficulty remains, however, of cultivating and planting the maximum acreage in the autumn so as to. maximise cash returns, Indeed these latest techniques while

accepted as being necessary have slowed progress almost to pre-straw-burning speed. Last autumn, in fact, many farmers began to wonder if they should, in view of the problems, -revert to more spring cereal planting. In the event tha appalling wet. weather left them little choice.

cent.

they were simply unable to plant their usual acreage of that seed. Like many other antumn crops into saturated. arable farmers we have at least. soil which would not carry a one third of our antumn tractor. Ministry of Agriculture a planting still to do. With more statistics indicate that the confinious heavy rain such as acreage of spring barley was we had in 1987 some of first up 33.5 per cent this war, would be completed then compared with last, while we would be forced to plant

previous year. Unfortunately for the seed trade, however, a high proportion of this year's crops of spring cereals - especially barley - turned out to be a disaster. Yields were lower than they had been for years with many crops producing less than a tonne per acre, instead of a target of two to three times that, and quality

was even worse. It was not uncommon for screenings small grains which pase through a sleve designed to separate the good from the bad, to be as high as 25 per. cent of the total So bad and so unprofitable were spring barley crops that

inany farmers, whose decisions are inevitably influenced by their most recent experience. have changed their minds about growing a bigger acreage next, year. The seed trade therefore seems likely to be stuck with considerable quantities; of unwanted spring

varieties. But perhaps I should not be too positive in writing off merchants hopes of selling 3

124 1.1

nter barley was down 11.3 -low

lift prices. As production overhauls Zinc prices soar on LME By David Blackwell

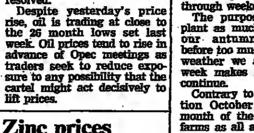
ZINC PRICES soared yesterday on the London Metal Exchange as stocks in LME warehouses fell to the lowest level for nearly a year. Cash metal, which ended last

week \$65 a tonne ahead, added another \$62.50 by yesterday's close to reach \$1,465 a tonne. Three-month metal. - \$25.50 up at the end of last week - put on a further \$30 to close at \$1,342.50 a tonne. The premium for cash metal over three-month is now the biggest this year at \$122.50 a tonne, reflecting the tightness of

nearby supplies Stocks in LME warehouses fell by 6,450 tonnes to 21,100 tonnes. The fall included 4,600 tonnes taken from the LME warehouse in Singapore, news of which led to speculation

that China was buying. -Mr. Neil Buxton, a metals analyst with Shearson Lehman Hutton, yesterday said that all indicators were showing a decline in producer and

2250/2158



Industry has	already been
approached b	y the Japanese!
partners.	

Direct talks between the two governments now seem inevitable, therefore, in a bid to end this damaging disagreement.

· ',

smelting and the Indonesians feel that their contribution in this area is inadequately reflected under the present arrangements.

practice

metal.

Power is the largest cost component in aluminium ia's position, wary perhaps of the effect of a protracted dispute on relations with Japan, by far its largest source of foreign aid and direct foreign investment.

consumer stocks. Demand for zinc was growing steadily, he said, in particular from the automotive and construction industries, while a lot of output had been lost in Latin America.

Previous

2300-1

2230-5

99.7% purity (5 per tonne)

59.5% purity (2 per tonne

LONDON METAL EXCHANGE

Close

2220-1

plantings of both wheat and barley leaving as little as possible to plant in the spring. But the change of policy was not without its problems.

ed Metel Trading

Ring turnover 10,700 toppe

WORLD COMMODITIES PRICES

(Prices supplied by Amalga

High/Low AM Otificial Kerb close Open Interest

it was an opportunity to retain to the plough and farmers could not afford to refuse. They responded by steadily increasing autumn plantings of both wheat and that over the last couple of years straw burning has become a rarity. Instead many farmers have fitted new straw choppers to their combine

od

US MARKETS

MOST COMMODITY markets lacked

per cent and wheat, the vast instead and would inevitably majority of which was sown last autumn, was down 5 per

become customers for some of that apparent excess. It is to avoid that if at all possible that some of our men have been working such king

Aware of the change in farmers' feelings the cereal seed trade made plans to bours. .:

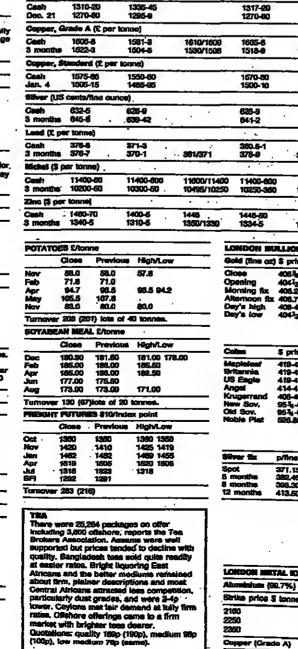
LONDON MARKETS

GOLD PRICES rose as the dollar weakened and the oll price strengthened. Dealers said the breach of resistance at \$405 in early trading had sparked some stop-loss buying in fairly active conditions. Good underlying physical demand aided nt. The bullion price closed \$4 ahead at \$407 an ounce. Platinum and sliver prices were alightly higher. Cocoa prices rose on chart-inspired buying, the three-month price closing above £800 a tonne for the first time since September 8. Technically the market looks encouraging after a long-term downtrend was broken last week, dealers said. But late evidence of producer selling possibly by Ghana, Malaysia and Brazil brought prices down from the day's highs towards the close. On the LME aluminium prices retreated on news of an increase, in. world stocks.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubel Brent Blend W.T.I. (1 pm est)	\$9.90-10.00z \$12.26-2.30z \$13.58-3.61z	+0.84
Oil products (NWE prompt delivery per	tome CIF)	+ or -
Premium Gasoline Gas Oli Heavy Fuel Oli Neohina	\$155-158 \$105-108 \$53-54 \$121-124	+1 +2 +2 +7
Petroleum Argue Estimateu		
Other		+ or -
Gold (per troy cz) Silver (per troy cz) Pletinum (per troy cz) Palladium (per troy cz)	\$407 637c \$612.5 \$120.75	+4 +0 +2.0 +0.50
Alumiatum (free market) Copper (US Producer) Lead (US Producer) Nickel (free market)	\$2285 1265 ₈ -315 ₆ d 396 5300	
Tin (European free mariet) Tin (Kusis Lumpur mariet) Tin (New York) Zinc (Euro, Prod. Price) Zinc (US Prime Western)	19.3r	-82.5 -0.75
Cattle (live weight)† Sheep (dead weight)† Pigs (live weight)†	110.17p 144.28p 72.96p	-0.37" -2.46" +1.58"
London daily sugar (raw) London daily sugar (white) Fate and Lyle export price	\$251x \$256x £255.5	+2 +1
Sarley (English feed) Maize (US No. 3 yellow) Wheat (US Dark Northern)	2110z £127v £123.6z	
Rubber (spot)♥ Rubber (Nov)♥ Rubber (Dec) ♥ Rubber (KL RSS No 1 Nov)	63.00p 63.50p	-3.25 -3.25 -3.25 -4.5
Coconut cil (Philippines)) haim Oil (Malaysian) Copra Philippines)) ioyabeans (US) Cottor "A" index (Voctops (84s Super)		-6.0 + 0.05

COCOA Ston Close Previous High/Los Dec Mar May Jul Sep Dec Mar 011 795 812 795 825 811 837 826 852 840 854 853 807 803 818 795 792 803 820 832 872 897 829 842 853 900 929 900 Turnover: 6099 (5218) lots of 10 tonnes ICCO Indicator prices (SDRs per toona). Daily price tor Oct 7: 996.13 (974.30) :10 day average for Oct 10: 938.07 (933.17) ... Turnov COFFEE 2/tonin Close Previous High/Low 1160 1180 1158 1143 1145 1132 1167 Nov Jan May Sap Nov 1161 1153 1140 1132 1132 1135 1135 1142 1134 1127 1138 1130 1130 1125 1135 Turnover: 1432 (3219) lots of 5 tonnes ICCO Indicator prices (US cents per pound) for Oct 7: Comp. daily 11230 (113.94); . 15 day 115.06 (115.06) SUGAR (S per tonne) le s Previous High/Low Close Dec Mar May Aug Oct Dec 217.00 219.80 209.60 213.80 207.00 211.00 205.00 208.80 204.00 207.66 204.00 207.60 219.80 216.40 215.00 209.00 211.60 210.00 207.40 201.00 White Dec Mar May Aug Oct Dec Mar Close Previous High/Low 249.00 242.00 242.00 243.50 249.00 242.00 242.50 253.00 247.00 247.00 248.00 247.00 247.00 247.00 246.00 209.00 247.00 248.00 248.00 248.00 242.00 247.00 242.00 242.00 246.50 Turnover: Raw 1070 (1508) lots of 60 tor White 1371 (1774). Parla- White (FFr per toons): Dec 1620, 1553, May 1557, Aug 1580, Oct 1560, Dec 1 AS OIL Sho Close Pren High/Low 105.00 110.50 113.00 114.00 113.50 112.00 110.50 103.25 106.75 106.00 108.75 108.60 107.25 105.75 108.50 104.00 110.50 105.50 113.00 109.50 114.00 111.00 110.00 110.00 112.50 111.00 110.00 8186 (8445) lots RANS Stonne theat Close Previous High/Low 107.40 110.50 113.35 116.35 117.50 102.25 105.00 107.20 110.30 113.30 118.18 117.40 102.25 105.00 107.40 107.00 110.50 110.00 113.40 113.00 115.35 116.10 117.50 117.10 arie; Close High/Low 105.25 108.45 105.35 kav kein Aar 105.40 105.25 108.70 106.45 110.70 110.70 110.60 112.35 May Sep Nov from §CIF

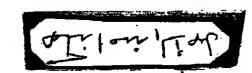
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	Latest	Previo	us High/La	W	÷., (* .					
Nov	13.74	12.04	- 18.74	13.11	BOYABE	ME 5000 b	u patric cen	da/65Ho bu	forder	jx≦1_
Dec	13.44	12.65	13.45 T3.54	12.64		1		light.ow		
Feb	13.35	12.68	13.35	12.87	Nov"			796/4	786/4	
May	13.40	12.91	13.50	18.10	Jan 1 Mar 8			806/0	800/4 807/6	
Jun Jul	13.55	12.99	13.40	13.17	May I	170/2 80	4 1	15/0	506/G	
Aug	13.42	13.15	. 13.42	13.28	Aug 1			510/0 799/0	799/4	·
HEA1	ING OIL	42,000 US	i galis, centr	US galls	Sep 7		WO' 1	50/0	746/0	
<u> </u>	Latest	Previo	us High/Lo			NI OIL 60.00		19/4	715/0	
Nov	3965	3746	4090	3800			_	ligh/Low		
Feb Mar	4060	3893	- 4070	. 2850		3.50 23.	_	2.95	23.45 -	
Apr	3790	3753	3910	3665	Dec 2	3.86 24.	19	4.35	23.80	
Jul	3700 · 3675	3550 -	3705	- 3600 3675	Mar	4.62 25		4.62	24.05	
_	DA 10 ton			3013		5.05 · 25.	45	5.45	25.25	. 37
	Close	Previo			Aug 2	5.05 25.	45 2	5.75	25.06	
Dec	1290	1278	1304	1278		5.25 . 25		5.48	20.25	
May	1274	1257	1267	1265		NI MEAL 10				
Jul	1314	1300	1320	1300		55-1 255		ligh/Low	254.5	
Sep	1383	1323	1335	1375	Dec 2	36.4 256	8 2	57.8 58.0	256.1	
Mar	1413	1382	1410	1406	Mar 2	66.U. 250 52.2 250		55.0	253.5	
CON	EE "G" 3	_				18.7 247 18.8 242	7 2	49.0	246.0	
	Close	Previo		<u> </u>	Aug 2	36.0 235	0 2	36.0	230.0	
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May Jui	125.80	124.00	125,60	124.80		ioo ba min; d lane :: · Pre			<u> </u>	
Sep	125.50	123.13	0	. 0		2/6 · / 294		gh/Low	<u> </u>	
Dec	127.00	124.60	· 0 0	0	Mar 2	297/0 297	10 2	94/2	291/6 296/0	
81/GA	R WORLD) *i1* 11	2,000 lbs; cer	ts/ibs	Jul 2	16/2 298 15/2 294	16 2	96/2	295/0	
	Close	Previo	S High/Low		Sep	270	2	72)4 59/0	2704	
Jan - Mar	8.78	9.42	9.40 9.45	9.40 9.17		34/2 253	4 (2	444	261/4	
May	9.07	9.27	9.31	9.05		DOO be min;				
Oct	8.87	9,16	9.08	9.06			_	igh/Low		
Jan Mar	. 8.09 8.40	8.25	0	Ĉ -	Mar _ 42	2/0 439	2 4	674 1672	627/0 651/9	
COTT	CH 80,000	cents/ib	•		Jul 30	6/4 412/ 6/6 372/		4/2	06/4	
	Close	Previou	s High/Low		8ep 37 Dec 37	2/4 375/ 8/0 380/	0 31	440	572)4 578/0 mt	
Dec	54.35	82.76 . 52.70	54.30 54.10	52.90		LE 40,000 Ib				
May	54.10	\$2,70	. 54,00	68.00			_	ah/Low		1.2.4
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ORAN	GE JURCE	15,000 /	e; cents/lbs	<u> </u>	Feb 74	50 74.5	Ū., 74	.96	14.27. 14.26	4
	Close	Previou			Apr 75 Jun 74	32 75.7 27 74.8	7 7	.85.	15.20	135
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Nov Jen	162.18	160.25	0	0	C		tous Hi	gh/Low -	<u> (* 1</u>	
Mar	102.15	100.25	0	0	Oct 40 Dec 41	42 40.4 90 42,4	C- 40	.75	0.40	<u></u>
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WORLD STOCK MARKETS

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AUSTINIA AUSTIN					

SOUTH AFRICA JSE Gold (28/9/78) JSE industrial (28/9/78)	55	1336.0 1759.0	1317.6 1742_0	1288.0 1734.0	1451.0 (7/7) 1759.0 (7/10)	1154.0 (4/5) 1387.9 (12/2)
SPAN Madrid SE (30/12/85)	284.54	282.79	282.32	282,00	302.63 (25/6)	225.50 (4/D
SWEDEN Jacobson & P. (31/12/56)	3200.30	3168.70	3161.90	3122.00	3200,30 (10/10)	2146.5 (4/1)
SWITZERLAND Swiss Bank Ind. (31/12/58)	576.40	573.40	568.50	565.90	576.40(10/10)	466.6 (13/1)
WORLD . M.S. Capital Int. CL/1/701	ω	448.6	443.9	445.2	465.2 (15/6)	401.0 (21/1)

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YORK STOCK EXCHANGE COMPOSITE PRICES NEW

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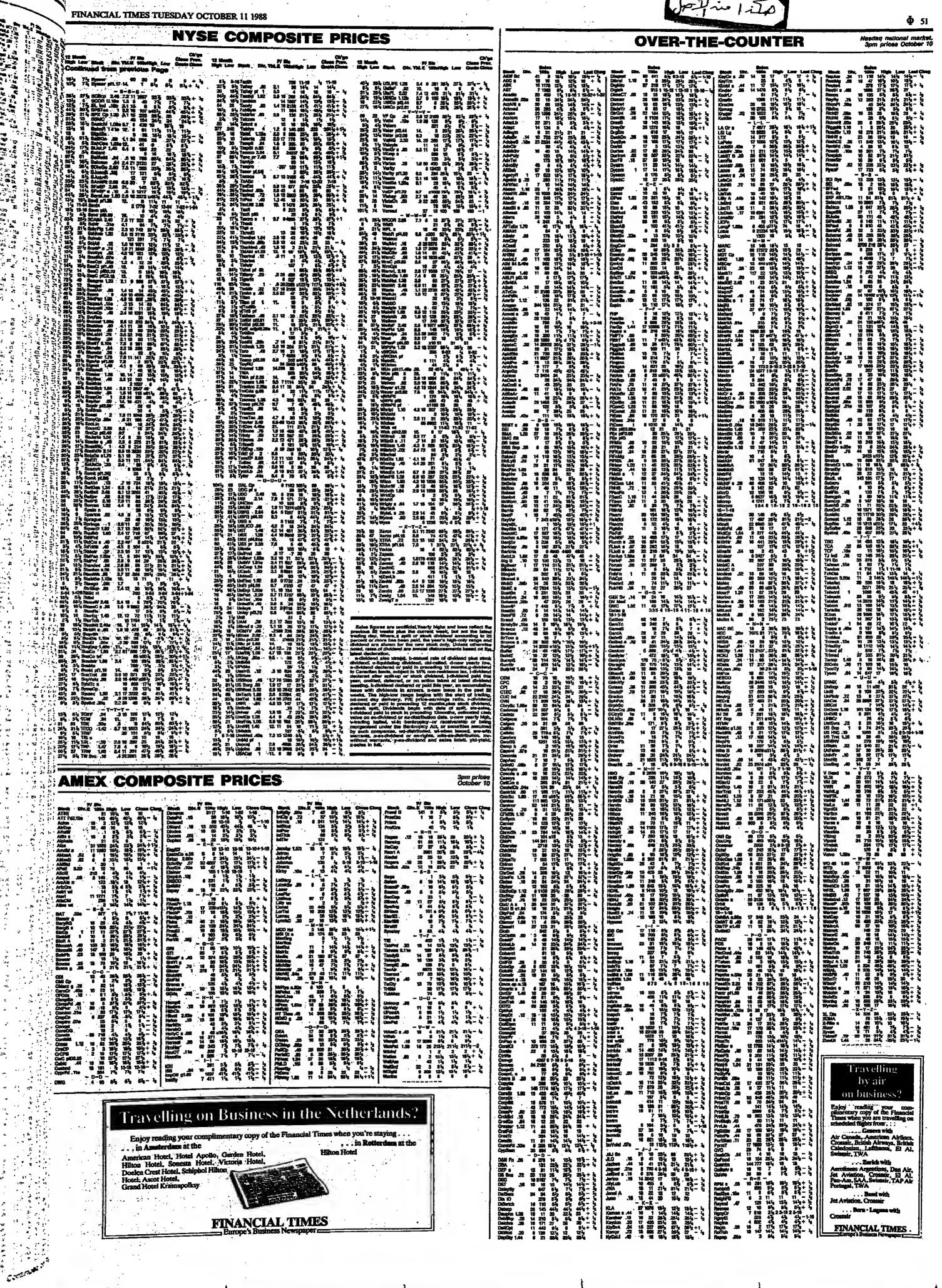
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WORLD STOCK MARKETS

FINANCIAL TIMES

Tuesday October 11 1988

for redevelopment, and Nippon Express will benefit from that

These three themes

Tokyo's waterfront, the Calba

area along Tokyo Bay, and the

station front - are likely to continue for some time. The

interest, however, will be more focused in future, predicts Mr

Yoshio Shima, an analyst at

the US securities house Gold-man Sachs in Tokyo. At pres-

ent, very little distinction is made between land that is

actually available for redevel-

opment and land that is there but may not be readily used.

For example, many of the

station front properties face redevelopment problems that

stem from their very location. They tend to be in areas that are already highly developed

and so are subject to strict reg-

Another factor that will probably affect share price movement in the future is the

willingness of the land-owning

company actually to redevelop its land. For established com-

panies that have long been in a particular field of business, the idea of running office buildings

or resort facilities may not be

all that appealing. Another way that investors can enter the redevelopment

scene is by buying the big

property companies, such as Mitsubishi Estate, Tokyu Land

or Mitsui Real Estate.

trend.

he says.

ulations.

value will rise. The leading utility's increase has not been as outstanding as that of IHI,

but its shares have risen from

Y277 in January, 1986, to a.

The main beneficiary so far

of the Chiba development is

Keisei Electric Railways. Keisei operates a railway that

runs through the prefecture between downtown Tokyo and Narita. If is also a large share-holder in Oriental Land, the

company that owns the ground on which Disneyland has been built. The Keisel share price has risen from a monthly aver-

age of Y675 in September 1987

Keisei also owns large plots of potential residential sites

along its line in Chiba, and

thus attracts attention on the station front theme as well.

When the planned office build-

ings on the waterfront become

available for use, there will be a greater need for residential areas nearby. Chiba, and the Urayasu area in particular, fit

the hill perfectly, according to Mr Hiroshi Seto, an analyst at the Nikko Research Centre.

Another station front com-

pany is Nippon Express, a lead-

ing transporter, which has accumulated considerable land

over the years for warehouses and stock years. Many of its sites are adjacent to stations of

the recently privatised national railway, JR. Much of

the railway's own land is up

to Y2,760 last month.

recent Y1.380.

AMERICA Holiday keeps trade thin as equities hold steady

for Septembe

and earnings.

Overseas interest in VW

powers Frankfurt to high

Some 140 international

institutional investors will

crowd into Deutsche Bank's

twin towers in Frankfurt

today for its second Autumn

Autumn? Many will know of

Investment Seminar, writes Haig Simonian in Frankfurt.

the bank'e spring seminars, held in Düsseldorf for over 10

years under the anspices of Mr

The Frankfurt function is a

newer affair, and still lacks

much of the cachet of the Dis-seldorf meeting, to which Mr

Thursday's US trade figures, and the approach of the anni-

versary of the crash, were

inducing caution and volume

was estimated by one house at a modest FFr2bn. The OMF 50

index ended just 0.06 higher at

Wilhelm Christians.

an analyst.

Wall Street

52

There was little movement in equities yesterday in trading quiet due to the closure of banks and the US government bond market for the unofficial Columbus Day Holiday, writes Janet Bush in New York:

In addition, a consolidation and a quietening in activity had been expected after Friday's substantial rally to within a few points of post-Oc-tober crash highs. The rally had been inspired by news of weaker than expected employment data for September

At 2pm, the Dow Jones Industrial Averaged was quoted 2.13 points up at 2,152.38 in volume of around 80m shares by midsession.

There was no official trading in US Treasuries yesterday and the Federal Reserve System was closed. However, there were some price indications on news screens throughout the ion and these showed modest weakness. The Treasury's beuchmark long bond was quoted & point lower for a yield of 8.82 per cent following some softness in US bond prices in London trading amid some modest dollar weakne

When full-blooded trading in US securities markets begins again today, dealers will focus

THE GAINS in New York and

Tokyo on Friday boosted senti-

ment in most European

bourses yesterday but Milan

remained nervous before a

vital parliamentary vote today, writes Our Markets Staff.

another year's high in active trade, taking some operators

by surprise at the speed of its rise. The FAZ moved up 6.56 to

529.13, prompting analysts to talk of it reaching 540 or 550 in

the next few weeks. Chartists say its break through 520 on

The real time DAX index

added 17.57 to close at 1,286.93, also a new 1988 high. Volume

was a healthy DM3.58bn worth

Blue chips were popular vir-

tually across the board, but the

main feature was again car-

maker VW, which continued

Friday was significant.

of domestic shares.

FRANKFURT moved to yet

EUROPE

on various key economic reports due for release this week. The first of these is the publication of August US trade figures on Thursday which are expected to show some widening in the deficit from July'e \$9.5bn shortfall. Forecasts vary between a deficit of \$10bn to

one nearer \$11.5bn. Trade figures are always of great interest to the markets but, given some dollar softness in the wake of last Friday's employment report, are in even greater focus.

Friday sees the release of September figures for producer prices, retail sales and indus-irial production. The signals are mixed for production because the unemployment fig-ures on Friday showed modera-tion in manufacturing jobs but a slight rise in the average work week. Retail sales are expected to show a healthy rise

Although Friday's unemploy-ment figures indicated a weaker trend for growth in the non-farm payroll, there were some elements to the figures which revealed strength in the labour market. Notable were the larger than expected 0.2 per cent fall in the unemployment rate and rises in hours worked

> cents a share. Canada and South Africa were closed for holidays

> > Christians, the bank's co-speaker (chief executive) until

last May, would regularly invite friends from the top

echelon of German business to

However, the Frankfurt sem-inar is not letting its youth get

in its way. The guests - who are invited but have to pay

their own transport and

economodation - are mainly

from Europe, the Middle East and Asia, but include some

Europe-based representatives

and the industrial index 3.6 to

The day's gains were achieved despite the decision by one of the biggest banks,

Bank Len, to reduce its weight-ing for Swiss franc portfolios

from 9 to 8 per cent. The move

of US pension funds.

531.9.

esent their companies.

are mixed signals on the economy the US Federal Reserve will hold monetary policy where it is. The biggest news in the stock market was the long

awaited announcement of the merger between First Boston and CSFB, announced late on Sunday. First Boston's share price had added \$% to \$49% by midsession after news of the

merger package which includes a plan to buy-back First Boston shares at \$52.50. One of the largest movers was Best Products which jumped \$5% to \$26% on news it had agreed to be acquired by Adler & Shaykin, the New York-based investment company, for \$27.50 a share.

Tenneco added \$% to \$49% after it said it had agreed to sell its oil and gas businesses for \$7.3bn which was more than analysts expected.

Time Inc and McGraw-Hill both rose \$2 to \$119% and \$72 respectively as Wall Street waits to see who wins control of Macmillan which was unchanged at \$88%. Pinnacle West Capital plunged \$4% to \$18% after the company said 1988 earnings would not allow it to maintain its quarterly dividend at 70

Overall, analysts appear to believe that as long as there

Investors find Tokyo's land a fertile asset

1986

recent Y1,079.

pote

Michiyo Nakamoto examines the influence of the property boom on the stock market

Tokyo Gas

10-10

1965

1987

IHI has been a star per

property assets. Its profit per-formance until a recent partial

recovery has been dismal,

mainly because of the high cost of rationalising its ship-

building and other unprofitable

businesses. But the shares

have soared nearly tenfold

from Y150 in January, 1986 to a

plot of land on one of the islands in Tokyo Bay that has

the greatest redevelopment

peculation that its property

Tokyo Gas, which owns a

ntial, has also gained on

The statistics on Tokyo land prices have become the stuff of legend. For the price of a typical rab-

bit hutch in this city, you canbny a country estate in England. If you sold the Imperial Palace and its surrounding gardens in central Tokyo, you could buy California or Canada, au cho

Tokyo land prices have, in fact, cased a bit since the spectacular 65 per cant average rise last year, thanks to new "guid-ance" (the Japanese word for controls) established by the

metropolitan government. But they are still sky-high, causing much speculation by those who own land and much unhappiness among those who do not but need it.

The land price surge has been a continuing theme in Japan'e stock market in the

The Japanese stock market was closed yesterday for the Sports Day holiday.

past two years, as analysts have combed company balance sheets, looking for evidence of property holdings in the Tokyo area. (Under Japanese accounting conventions, assets are er revalued, so the effect of rising property values does not appear in balance sheets.)

in the past few months, the focus has sharpened some-what. Now that the national and local governments are

W Germany

FAZ Aktien Index

520

510

500

loosening their regulations on development to help ease the critical space shortage in the capital investors have become interested mainly in companies 1.4 that have property holdings in three areas in the Tokyo metropolitan area. These are: Tokyo's waterfront. There 1.0

has been talk of redeveloping a stretch of land on Tokyo Bay near downtown Tokyo for a number of years. Now there is a possibility of fairly rapid 0.8 0.6 progress, partly because of the easing of restrictions, but also 0.4 🗒 because most of it is vacant.

• The neighbouring prefec-ture of Chiba. The successful 0.2 development of Tokyo Disney-land on reclaimed land at Urayasu City is gradually rehabilitating the image of an area that was previously known for grubby factories and former in the stock market for the past two years, mainly on the potential of its Tokyo Bay waterfront busin

Station fronts. Many established quoted companies have long had factories or offices in the Tokyo suburbs. Now they are assessing whether the land would be better converted into residential developments, espe-cially if it is near commuter railway stations.

The leading landowners on the waterfront are Ishikawajima Harima Heavy Industries (IHI), which used to operate huge shipyards there, and Tokyo's two giant utility compamies, Tokyo Gas and Tokyo Electric Power.

ASIA PACIFIC

Hong Kong's gains steal limelight

THE Hong Kong market was the day's feature in the Asia Pacific region, as bargain-hunding and overseas interest sent turnover and share prices sharply higher, writes Our Markets Staff.

HONG KONG pursued last Friday's gains to end up. strongly as turnover climbed above HK\$1bn. Both foreign and local investors appeared finally to be responding to anslysts' advice that share prices were good value by moving in to pick up stock in force. gains were New World Devel-The Hang Seng index gained 87.55 points, or 3.5 per cent, its

ary, to reach 2,568.42. On Fri-day the index had jumped 2 per cent. Volume increased to HK\$1.18bn, the highest for three months and a considerable improvement on Friday's

The surge on Wall Street on Friday gave a boost to trading and last week's US employ-ment data helped ease worries over rising local interest rates Property stocks, the dominant sector, saw the most active trading, balped by the termound in thinking on interest rates. Among the biggest

cents to A\$9.96 and Westpac K cents to A\$5.90.

The futures market also saw marked improvement, with

October Hang Seng index A\$2.78 futures contract up 66 at 2,566 in turnover of 782 lots; sharply higher than the 200-300 of recent months

AUSTRALIA saw a strong start evaporate into dull, cau-tions trading, with the All Ordinaries ending off its highs at 1,534.6, a gain of 8.8.

industrials led rises in low turnover of 84m shares worth

Golds firmed on the steady builion price. Australian Consolidated Minerals added 5 cents to A\$2.80 as more than 2.2m shares changed hands, 1m in a special block trade worth

SINGAPORE also gained wall Street's rally on Friday,

but the session was a quiet one, with the Straits Times industrial index np 12.63 at 1.015.90 in low volume of 18m shares compared with Friday's 15m.

Banks, property and plantation stocks attracted most. interest, but institutions generally stayed on the sidelines.

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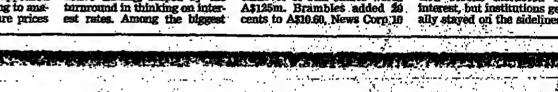
Sept 1988 Oct a holiday. across the board. There were no individual features, with last week's good performers hit by profit-taking

and the laggards being snapped up by eager investors. BRUSSELS closed slightly shead in line with other European markets, although profit-

taking kept gains to a mini-mum. The forward index added 14.54 points to 5,550.85. Engineering group ACEC slipped BFr8 to BFr760 after

revealing a BF1570.7m loss in the first six months of this largest one-day rise since Janu-RKS668m

The absence of trading in Japan contributed to quiet ses-sions in Australia and Singapore, and there was a breather for Taiwan investors after the recent dramatic slide in the index as the market closed for



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opment, up 70 cents at HK\$11.70, Sun Hung Kai Properties, which added 60 cents to HK\$11.50 and Henderson-Land, 30 cents better at HK\$5.30.

its strong run with a DM9 rise to DM298. Recent presentations on the company in Europe and the US have fuelled demand and investors are focusing on its planned cost-cutting measures and forecast of an earnings rise this year of more than

9 per cent. Heavy interest is still com-ing from London, where VW was bid up to DM300 in the pre-market on the Seaq International system.

Banks were strong, partly on short-covering, with Deutsche pushing ahead DM16.20 to DM546.70. Siemens gained DM12 to DM496, and in chemi-cals Hoechst added DM4.40 to cais Hoechst added DM4.40 to DM305.50 amid expectations that its results for the year will be very good, especially from its Celanese side in the US. PARIS failed to hold onto a strong early gain triggered by good performance on Evider

strong early gain triggered by good performances on Friday in Tokyo and New York. The lack of follow-through was attributed to profit-taking and an absence of new stories: "The market has been going up for the last three weeks and everything's a bit tired," said

391.80 after reaching 394. Among the few features Bouygues rose FFr30 to FFr620 as more than 260,000 shares changed hands on renewed speculation about the group's future. Rumours were triggered by a newspaper report that Mr Francis Bouygues, the chairman, was stepping down from the TF1 television network. One block of 130,000 Bouygues shares was put through the market by a French broker at FFr609, trad-ers in London said.

Beghin-Say, the sugar group that is 56 per cent owned by Ferruzzi of Italy, saw a block of rerruzzi of half, saw a chock of just under 5 per cent of its cap-ital change hands in the morn-ing, but the company declined to say who was buying. The share price closed FFr2 higher at FFr538 after reaching a high of WF549 or or or of 000

of FFr549 on over 600,000 ZURICH maintained the positive momentum of last week, with sentiment boosted by Wall Street's strong close on Friday. Volume, however, remains low. The Crédit Suisse general index rose 4.0 to 492.7

mplies that Bank Leu'e analysts are bearish in the medium to long-term about Swiss stocks. Among leading stocks to report good gains, employment group Adia advanced SFr125 to

group Adia advanced SF125 to SF13,450 after a well-received presentation to a financial ana-lysts' congress in Geneva. Crédit Suisse also captured attention, rising SF15 to SF12,270 on news of its plan to form a new investment bank with the Better of the III

with First Boston of the US. MILAN suffered from con-cern about today's crucial par-liamentary vote on reform of the secret ballot system. Inves-tors and dealers were tore and dealere were extremely nervous, with shares closing mixed and the Comit index ending 1.30 lower at 557.17.

Weekend press reports sug-gesting that the coalition Gov-ernmant might lose the vote -which, according to one ana-lyst, would mean disaster for the stock market and the lira - sent shares sharply down in early trading, but by the after-noon the market recovered its composure and prices firmed

year. Luxembourg steel manufacturer Arbed rose BFr50 to BFr3,530 as 47,700 shares changed hands after the company said it expected to return to profit this year. AMSTERDAM went with the

trend in Europe, closing higher on Wall Street's gains and pos-tive US economic data. The CBS index ended 0.8 up at 1011, but below the day's high of 101.3.

Among leading stocks Phil-ips dropped 80 cents to F1 30.70 on news of losses at its West German subsidiary, while Gist-Brocades advanced 20 cents to Fl 43.10 on renewed takeover speculation and news of its perticipation in a univer-sity-run bio-research institute. STOCKHOLM rose in active trading on turnover of SKr320m as advances cuthurs

SKr309m as advances outnumbered declines by almost four to one. The Affärsvärlden index rose 5.4 to close at 335.9. MADRID saw the general index gain just 1.75 points to close at 284.54 after a feature-less session in which only the hank sector aboved a slight bank sector showed a slight

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries NATIONAL AND TRAY OCTORES 7 198

REGIONAL MARKETS		20.00	AT OCTOBER	7 1968		THUR	SDAY OCTOBE	R 6 1998	•	OLLAR IN	EX
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
- Aostralia (91) Austria (17) Belgium (63)	88.41 123.23	+1.0 -0.2 +0.2	121.44 77.17 107.56	115.72 85.47 119.89	4.25 2.48 4.21	137.80 88.54 123.04	120.64 77.51 107.71	114.89 85.68 119.85	152.31 98.18 139.89	91.16 83.72 99.14	169.81 101.85 125.71
Camada (126) Denmark (39) Finland (26)	133.67	+2.0 +0.3 +0.0	107.82 116.67 99.61	108.05 130.08 105.02	3.15 2.30 1.68	121.09 133.25 114.11	106.00 116.65 99.90	106.27 129.99 105.16	128.91 133.69 139.53	107.06 1111.42 106.78	132.86
France (130) West Germany (102) Hong Kong (46)	80.52 101.85	+0.3 +0.7 +2.5	87.60 70.28 88.90	99.80 77.92 102.20	3.25 2.38 4.90	100.05 79.94 99.39	87.59 69.99 87.01	99.66 77.45 99.70	100.35 80.79 111.86	72.77	107.93 100.00
Ireland (18) Italy (100) Janan (456)	76.35	+0.2 +0.1 +0.5	118.05 66.64 138.15	132.29 79.19 133.31	3.81 2.54 0.55	134.96 76.28 157.48	118.15 66.78 137.87	132.15 79.17 132.84	144.25 81.74 177.27	84.90 104.60 .62.99	155.12 160.08 195.50
Malaysia (36) Mexico (13) Netherland (38)	133.32	+1.2 -0.4 +0.9	116.37 134.66 90.55	137.97 385.92 99.36	3.06	131.76 154.88 102.83	115.35 135.59 90.03	136.38 387.44 98.63	154.17	133.61 107.83 90.07	149.78 180.46 398.50
New Zealand (26)	70.8L	+0.1 +0.1 +1.1	61.81 100.17 101.44	60.88 107.29 109.12	6.45 2.68 2.53	70.76	61.95 100.37 100.66	61.25 107.37 108.03	110,66 84,05 132,23	95.23 64.42 98.55	122.71 132.12 181.57
Singapore (26) South Africa (60) Soain (42) Sweden (35)	123.85	-0.7 +0.1 +0.5	93.27 123.18 108.10	95.33 131.55 116.88	4.52 3.04 2.45	107.61 140.96 123.27	94.21 123.40 107.91	94.10 131.56 116.70	135,89 139,07 164,47	97.99 98.26 130.73	171_54 189,43 167,74
Switzerland (56) United Kingdom (322) USA (582)	78.51 130.68 113.53	+0.9 +0.7 +1.9	68.53 114.06 99.09	76.88 114.06 113.53	2.19 4.59 3.52	77.78 129.81 111.37	68.09 113.64 97.50	76.33 113.64 111.37	125.50 86.75 141.18 113.53	96.92 74.13 120.66 99.19	136.43 110.33 160.98 127.30
Europe (1013) Pacific Basin (681)	107.20 155.21 136.04	+0.6 +0.6 +0.6	93.58 135.48 118.75	99.50 131.27 118.48	3.72 0.78	106.61 154.36	93.33 135.13	99.15 130.74	110.82	97.01 130.81	129.76
North America (708)	114.05 92.52 118.28	+1.9 +0.5 +1.3	99.55 80.76 103.25	113.21 90.58	1.72 3.50 2.99	135.29 111.87 92.08	118.44 97.94 80.62	118.02 111.07 90,27	147.53 114.05 92.99	120.36 99.78 80.27	142.34 127.60 110.35
Pacific Ex. Japan (225) World Ex. US (1893) World Ex. UK (2153)	135.34 126.44	+0.6 +1_1	118.13 110.36	105.63 118.02 116.68	4.44 1.79 2.14	116.71 134.54 125.09	102.18 117.78 109.51	104.41 117.51 115.54	128.27 146.49 131.77	87.51 120.26 111.77	161.15 142.67 134.31
World Ex. So, Af. (2415) World Ex. Japan (2019)	126.92 111.76 126.80	+1.0 +1.4 +1.0	110.78 97.56 110.68	116.57	2.36	125.60 110.21	109.96 96.48	115.49 106.66	132,39 112,43	113.26	136.35
The World Index (2475)	120.00	71.0	110.08	116.43	2.37	125.49	109.85	115.35	132,38	113.37	136.68

Base values: Doc 31, 1986 = 100; Finland: Doc 31, 1987 = 115.037 (US 5 Index), 90.791 (Pored Starling) and 94.94 (Local). Copyright, The Financial Times, Soldman, Sachs & Co., Wood Mackenzie & Co. 1st.1987 Sanstituent Changes:Deletimes:Feitrax (New Zealand) and Banco Vizcaya (Spate).Nume changes:Banco de Bilimo to Banco Bilimo Vizcay Intendences to Indicas for Oct. 7 applied to Denmark. Latest priors were unavailable for this edition. to) and Metal Box to MB Group (U.K.)

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THE FIRST SIX MONTHS

	<u>Gain in value</u>	<u>Rank in sector</u>
American Growth	+11.5%	18th out of 119
European Growth	+12.1%	9th out of 102
International Growth	+ 2.6%	59th out of 167
UK Equity Income	+ 4.5%	7th out of 125

ned 1.4.58-1.10.58)

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